Webinar Recap: Tariffs on Trade - How it's impacting economies and sectors

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Date: November 5, 2025.

The Context

On October 29, 2025, we hosted a webinar featuring guest panelists Louis Kuijs, Chief Economist, Asia-Pacific, S&P Global Ratings, and Chris Rogers, Head of Supply Chain Research, S&P Global Market Intelligence ***(replay link*** *here****).*** In the face of tariff volatility and policy flux (U.S. Section 232/301; APEC talks), credit risk managers are contending with fluctuating demand, pricing pressures, and potential supply chain disruptions.

Participants discussed scenarios we believe are useful for credit surveillance and scenario analysis:

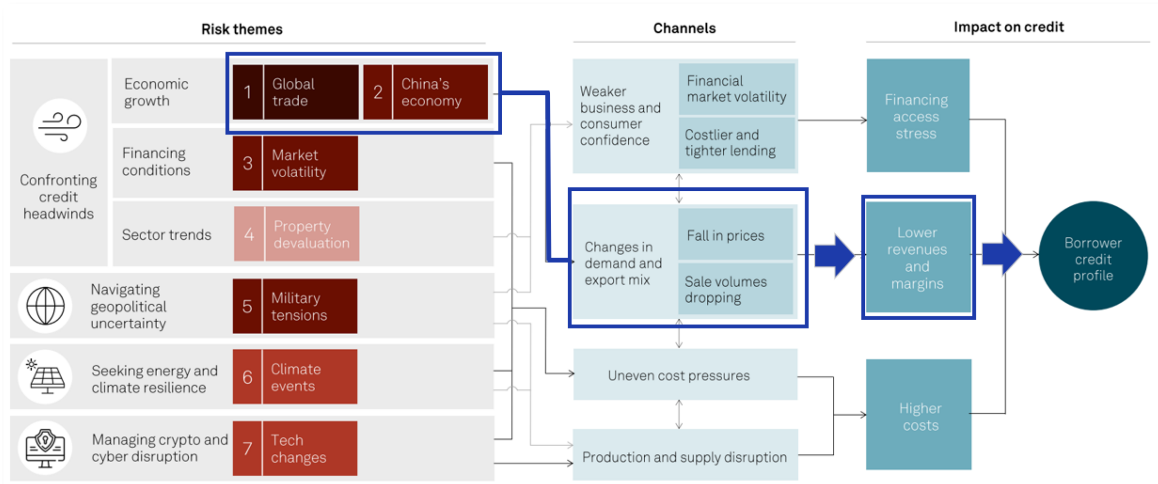
- **Demand/export-mix volatility:** Margin compression is evident in sectors within China and broader Asia, particularly those with overcapacity and limited supply elasticity.
- **Softening exports:** As frontloading diminishes, domestic demand's ability to counter lower export volumes varies by country.
- **Reshoring and automation investments** expected to increase in 2026
- **Production and supply chain disruption risks**, concentration risks to U.S./China trade corridors remain a concern.
- **Future inflationary effects on revenues and consumption.** The impact of tariffs on prices may only be reflected in the next twelve months or beyond. Renegotiations can take 12–18 months, pass-through of tariff costs is uneven across sectors.
- **Uncertain financing conditions:** Weaker confidence, tighter and costlier lending, and foreign exchange movements can affect refinancing windows and spreads.

A Systematic Approach on Content Search is Critical

Chatbot queries on broad, complex topics like trade tariffs and geopolitical shifts can magnify confirmation bias. Public algorithms often elevate high-frequency content or anchor on prior user prompts, reinforcing existing narratives and creating blind spots in risk mitigation. Setting a clear strategy in advance enables us to use chatbots as tools that support—rather than steer—your search.

We constructed a framework for our information search based on interconnected risk transmissions from S&P Global Ratings, first published in December 2024[1] (see Figure 1a to 1c below). This approach can also be applied to geopolitical tensions.

Figure 1a: Primary Effects from global trade weakening and slower growth in China



Source: Global Credit Conditions Q4 (Live Session) Webinar Presentation: Register Now!) First published in Credit Conditions Asia-Pacific Q1 2025: Bracing For Volatility. Published Dec 12, 2024. available on RatingsDirect® on Capital IQ Pro. As of October 2025. For illustration Only

Figure 1b: Secondary Effects from weakening business and consumer confidence

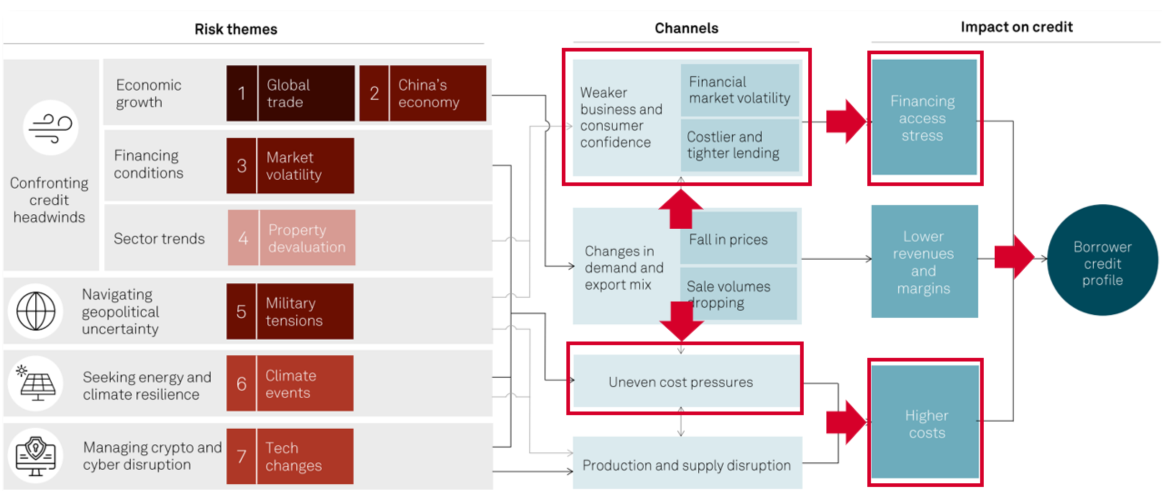


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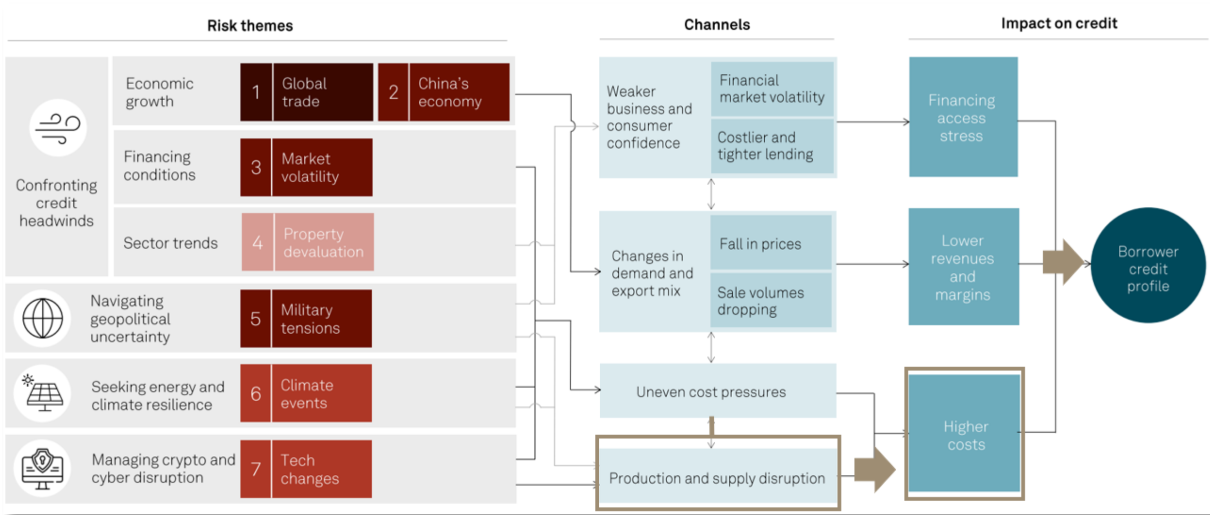
Figure 1c: Secondary Effects of cost pressures on production reliability and costs

[1] We located this report using a prompt on CreditCompanion™ (Beta) on RatingsDirect on S&P Capital IQ Pro. *"Summarize research related to credit headwinds, macroeconomics, channels, impact on credit. Include findings for corporates and banks"*



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Applying Gen-AI to Accelerate Targeted Research

We use the above framework to refine our prompts in Generative AI applications. **CreditCompanion™ (Beta) on RatingsDirect on S&P Capital IQ Pro** (henceforth "Credit Companion™) which summarizes research from S&P Global Ratings articles; while **ChatIQ on S&P Capital Market Intelligence** aggregates insights from company transcripts and earnings calls to identify entity-level developments and potential spillovers to industries. **Figure 2** outlines the prompts used to narrow down industries and countries for closer monitoring, **requiring just 30 minutes to generate a shortlist** of countries and industries in Asia.

Figure 2: Sample prompts to uncover supply chain and trade risks

Area of search	Sample prompts	Application used	Countries Flagged	Industries Flagged
Global Trade	Which countries in Asia Pacific are most at risk from global trade? Use the latest research. At least 1000 words	Credit Companion™	Emerging Asia, smaller economies	Exporters, Manufacturers, Steel, Cement, Chemicals, Textiles, Autos, Consumer Goods
		ChatIQ	Japan, South Korea, Thailand, Vietnam, Indonesia, Australia, China	Autos, Semiconductors, Technology, General Manufacturing
China's Economy	Which industries in Asia Pacific are most at risk from a slowdown in China? Use the latest research. At least 1000 words	Credit Companion™	Taiwan, South Korea, Australia, Indonesia	Technology, Manufacturing, Commodity Exports, Financial Sector (especially regional Banks in China)
		ChatIQ	Thailand, Vietnam, Indonesia, Australia, New Zealand, China	Construction in China, Automotives, Semiconductors in China, Construction, Manufacturing

Changes in Demand and Export Mix (resulting in Falling Prices and Sales Volumes Dropping)	Which industries in Asia Pacific do we see changes in demand or export mix, such as fall in prices or sales volumes due to trade tariffs or a slowdown in China.	Credit Companion™		Capital goods, Chemicals, Consumer Products,
		ChatIQ (company anecdotes)		Manufacturing and Production, Beverages, Building materials, Automation, Raw materials
Weakening Business and Consumer Confidence (resulting in Financial Market Volatility and Costlier and Tighter Lending)	Which countries (industries) within Asia Pacific are experiencing a weakening business and consumer confidence, financial market volatility, or costlier and tighter lending?	Credit Companion™	Vietnam, Taiwan, Thailand, Emerging Markets	
		ChatIQ	Thailand, Indonesia, Malaysia, Australia, China	
	Which countries (industries) in Asia Pacific are more vulnerable to financial market volatility and costlier and tighter lending?	Credit Companion™		Chemicals, Metals and Mining, Real Estate, Domestic Industries in other Asia-pacific markets, Exporters, Manufacturers, Autos, Metals, Pharmaceuticals, Technology, Consumer Goods, Gaming, Retail, Highly leveraged borrowers,
		ChatIQ (company anecdotes)		Construction, Building Materials, Manufacturers, Temporary Staffing and Placement (Australia), Mining, Consumer Goods and Retail, Packaging
Production and supply chain disruptions from costs pressures	Which industries in Asia Pacific are experiencing production or supply chain disruptions from uneven cost pressures?	Credit Companion™		Capital Goods, Chemicals
		ChatIQ (company anecdotes)		Agriculture and food Production, Retail, Mining and Resources, Chemicals, Manufacturing
	Which industries in Asia Pacific are most vulnerable to production or supply chain disruptions from cost pressures? Summarize in 1000 words	Credit Companion™		Capital Goods, Manufacturing Products, Chemicals, Commodity Chemicals, Autos
		ChatIQ (company anecdotes)		Agriculture and Food Production, Manufacturing and Industrial Projects, Logistics, Consumer Discretionary

Source: CreditCompanion™ (Beta release) on RatingsDirect® on S&P Capital IQ Pro, S&P Global Market Intelligence. As of October 2025. For illustration only. CreditCompanion™ is powered by generative AI technology, which may produce inaccurate responses. Please review the Legal Disclaimer for more information. Entity names have been blurred in the figure.
ChatIQ on S&P Capital IQ Pro, S&P Global Market Intelligence. As of October 2025. For illustration only. ChatIQ is a generative AI tool and as such its responses may not be accurate or complete, please use accordingly and note that any action or inaction based on a particular response from ChatIQ is entirely at your own risk. Please review the Legal Disclaimer for more information. Entity names have been blurred in the figure.

Further Refinement Using Credit Risk-Focused Industry Risk Scores

In a volatile environment, ongoing surveillance of supply chains and trade is essential for effective credit monitoring, as these dynamics materially influence revenues and cost assumptions. We illustrate with South Korea. From the initial shortlist **(in blue font in figure 3)** we apply **Industry Risk Scores**[2] to identify where downturns could most affect company-level creditworthiness, narrowing the focus to a manageable set of eight industries for closer monitoring.

Figure 3: Identifying higher risk Industries using Industry Risk Scores as an additional filter (in red) from the initial shortlist (in blue font)

Sector	Industry	Industry Risk Scores
Consumer Discretionary	Automobile Manufacturers	Moderately High Risk
	Consumer Electronics Producers	Moderately High Risk
	Automotive Parts and Equipment	Moderately High Risk
Consumer Staples	Tobacco Producers	Low Risk
Materials	Diversified Chemicals	Intermediate Risk
	Steel	Moderately High Risk
	Commodity Chemicals	Moderately High Risk
	Diversified Metals and Mining	Moderately High Risk
Energy	Oil and Gas Refining and Marketing	Moderately High Risk
	Oil and Gas Exploration and Production	Moderately High Risk
Industrials	Industrial Conglomerates	Intermediate Risk
	Air Freight and Logistics	Intermediate Risk
	Machinery and Equipment: Construction and Heavy Transportation	Intermediate Risk
	Trading Companies and Distributors	**Moderately High Risk**
	Electrical Components and Equipment: Light	**Moderately High Risk**
	Airport Services	**Low Risk**
	Highways and Railtracks	**Low Risk**

[2] According to S&P Global Ratings' methodology, industry risk scores are an assessment of the inherent risks associated with the industry in which a company operates. This evaluation considers factors such as the industry's cyclicality, competitive dynamics, regulatory environment, and technological disruption. A key component of the business risk profile assessment, industry risk scores are one of the main building blocks of a company's overall credit rating. A higher industry risk score indicates greater inherent volatility and uncertainty, which can negatively impact a company's creditworthiness. Conversely, a lower industry risk score suggests a more stable and predictable operating environment, which is viewed more favorably by credit rating agencies. (Source General Criteria: Methodology: Industry Risk Commentary published November 19th, 2013).

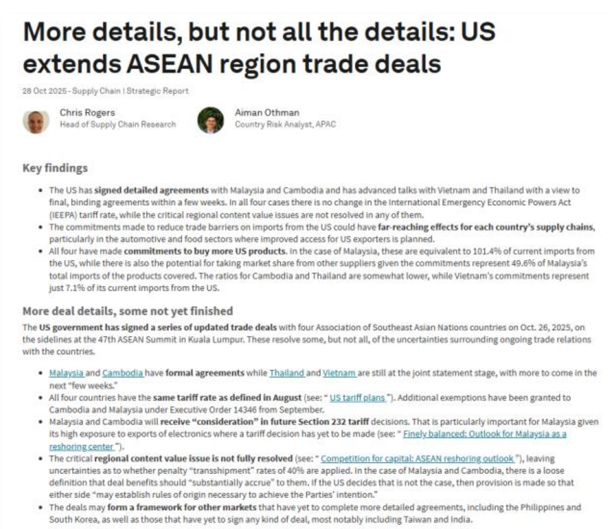
Information Technology	Technology Hardware, Storage and Peripherals	Moderately High Risk
	Semiconductors	Moderately High Risk
Communication Services	Wireless Telecommunication Services	Intermediate Risk
	Integrated Telecommunication Services	Intermediate Risk
	Interactive Media and Services	Intermediate Risk
Utilities	Electric Utilities	Very Low Risk
	Gas Utilities	Very Low Risk
	Water Utilities	Very Low Risk

Source: S&P Scores and Factors are available on RatingsDirect® on CIQ Pro and RatingsXpress® Scores and Factors. For Illustration Only. As of October 2025.

Ongoing supply chain surveillance of flagged industries and countries

The Supply Chain console on S&P Connect supports real-time monitoring of industry, entity, and product levels as trade, and geopolitical issues evolve. It also aggregates timely updates on trade negotiations and agreements **(see Figure 4)**, providing early warnings of potential disruptions, including risks associated with upstream counterparties and cybersecurity.

Figure 4: Sample of recent articles on trade deals signed by the United States with Asean



More details, but not all the details: US extends ASEAN region trade deals

28 Oct 2025 - Supply Chain | Strategic Report

Chris Rogers
Head of Supply Chain Research

Aiman Othman
Country Risk Analyst, APAC

Key findings

- The US has **signed detailed agreements** with Malaysia and Cambodia and has advanced talks with Vietnam and Thailand with a view to final, binding agreements within a few weeks. In all four cases there is no change in the International Emergency Economic Powers Act (IEEPA) tariff rate, while the critical regional content value issues are not resolved in any of them.
- The commitments made to reduce trade barriers on imports from the US could have **far-reaching effects for each country's supply chains**, particularly in the automotive and food sectors where improved access for US exporters is planned.
- All four have made **commitments to buy more US products**. In the case of Malaysia, these are equivalent to 101.4% of current imports from the US, while there is also the potential for taking market share from other suppliers given the commitments represent 49.6% of Malaysia's total imports of the products covered. The ratios for Cambodia and Thailand are somewhat lower, while Vietnam's commitments represent just 7.1% of its current imports from the US.

More deal details, some not yet finished

The **US government has signed a series of updated trade deals** with four Association of Southeast Asian Nations countries on Oct. 26, 2025, on the sidelines at the 47th ASEAN Summit in Kuala Lumpur. These resolve some, but not all, of the uncertainties surrounding ongoing trade relations with the countries.

- Malaysia and Cambodia have **formal agreements** while Thailand and Vietnam are still at the joint statement stage, with more to come in the next "few weeks."
- All four countries have the **same tariff rate as defined in August** (see: " US tariff plans "). Additional exemptions have been granted to Cambodia and Malaysia under Executive Order 14346 from September.
- Malaysia and Cambodia will **receive "consideration" in future Section 232 tariff** decisions. That is particularly important for Malaysia given its high exposure to exports of electronics where a tariff decision has yet to be made (see: " Finely balanced: Outlook for Malaysia as a reshoring center ").
- The critical **regional content value issue is not fully resolved** (see: " Competition for capital: ASEAN reshoring outlook "), leaving uncertainties as to whether penalty "transshipment" rates of 40% are applied. In the case of Malaysia and Cambodia, there is a loose definition that deal benefits should "substantially accrue" to them. If the US decides that is not the case, then provision is made so that either side "may establish rules of origin necessary to achieve the Parties' intention."
- The deals may **form a framework for other markets** that have yet to complete more detailed agreements, including the Philippines and South Korea, as well as those that have yet to sign any kind of deal, most notably including Taiwan and India.

US-mainland China presidential summit produces framework to lower US fentanyl-related tariffs, ensure supply of mainland Chinese rare earth materials

Featured 30 Oct 2025 - Country Risk | Headline Analysis - **China (mainland) - United States**
Regulation & Legislation , Operational risk , Political risk , Policy direction , Tax consistency , Taxes

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Head of Supply Chain Research

Mainland Chinese President Xi Jinping and US President Donald Trump held a bilateral meeting on the sidelines of the Asia-Pacific Economic Cooperation (APEC) forum in South Korea on Oct. 30. Both leaders agreed to implement a "framework agreement" arrived at following four days of talks between trade representatives from mainland China and the US in Malaysia (see **Mainland China — United States: Oct. 27, 2025: Mainland China–US agreement deferring tariffs, REE restrictions likely to be announced at October leadership summit**). The summit marks the first face-to-face meeting between the two leaders since 2019.

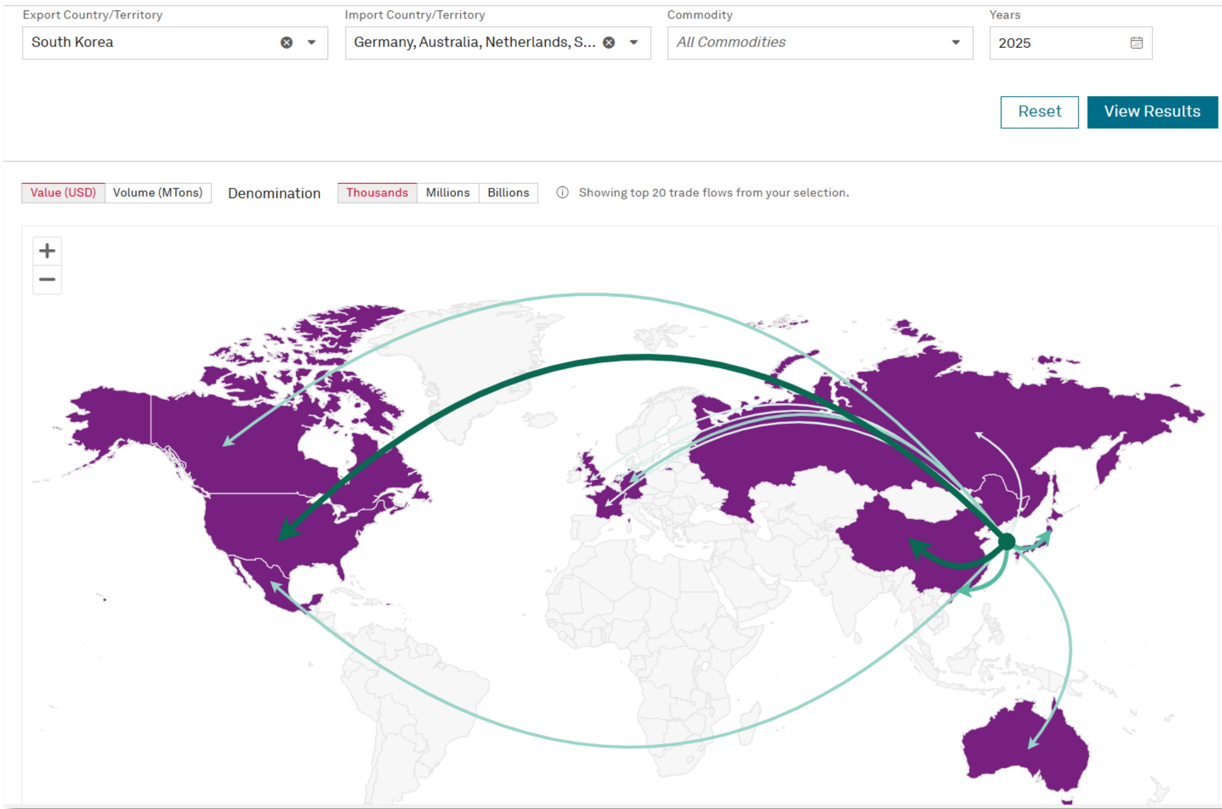
- **The summit signals both countries' intent to stabilize diplomatic and trade relations in the one-year outlook; finalization of a comprehensive trade deal will remain subject to further talks.** The "consensus" reached aims to avert tariff hikes and trade barriers recently announced by both governments, including the proposed Nov. 1 additional 100% US tariff on mainland Chinese goods and restrictions on US firm access to mainland China-controlled rare earth elements. The relaxation of these measures aligns with S&P Global Market Intelligence's previous assessment that such measures were primarily intended to build negotiation leverage, and did not indicate an intention to fully decouple or impose permanent economic restrictions by either country. More broadly, the meeting significantly extends the timeline associated with previous agreements — reportedly for a period of one year, compared with the previous 90 days (see **Mainland China — United States: July 30, 2025: US, mainland China likely to extend Aug. 12 tariff deadline by 90 days following 'constructive' trade talks**). The significantly longer extension signals intent to bring greater certainty to US-mainland China trade relations within the one-year outlook and enable follow-on talks toward a comprehensive deal within that time frame.
- **Persistent disagreements across trade, diplomatic and security domains mean the truce is likely to be revisited within this period.**

US President Donald Trump and mainland Chinese President Xi Jinping at a bilateral meeting at Gimhae Air Base on Oct. 30, 2025, in Busan, South Korea.
Source: Andrew Harnik/Getty Images News via Getty Images.

Source: Article "More details, but not all the details: US extends ASEAN region trade deals" Published October 28, 2025. "US-mainland China presidential summit produces framework to lower US fentanyl-related tariffs, ensure supply of mainland Chinese rare earth materials ". Published October 30, 2025. Available on the Supply Chain Research on S&P Connect. As of November 2025. For Illustration Only.

Dynamic maps show South Korea's export dependence on the United States, China, and Japan, alongside Mexico, Australia, and Canada. **(Figure 5)**

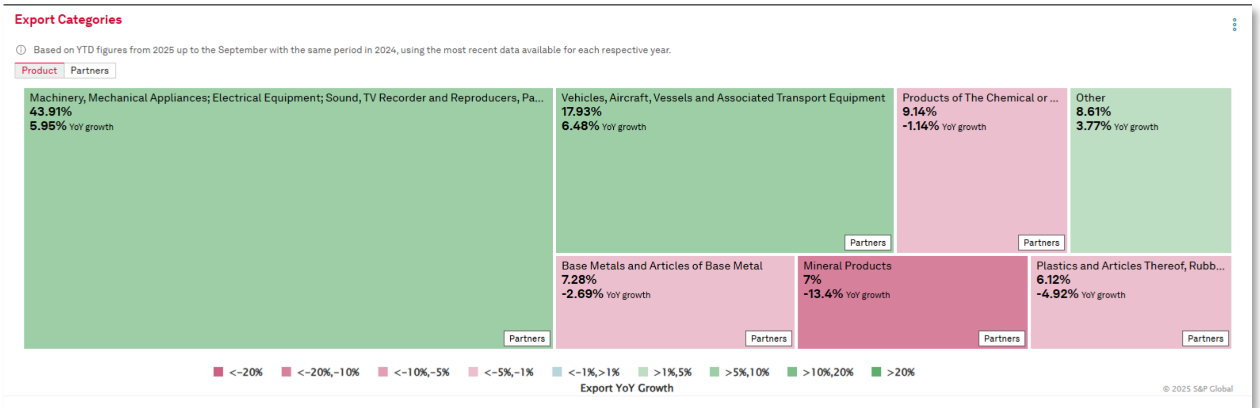
Figure 5: GTAS Trade Flows from Interactive maps for commodities and goods exports out of South Korea



Source: Global Trade Analytics Suite, from S&P Global Market Intelligence. For illustrative purposes only. As of October 2025.
https://connect.spglobal.com/gtas/analytics/gtas-forecasting/trade-flows

As of September 2025, exports of metals, minerals, plastics, and chemicals began to decline; machinery, mechanical appliances, electrical equipment, autos, and aircraft continued to hold up **(Figure 6)**.

Figure 6: YTD (year-on-year) Changes in Exports out of South Korea by Product Categories from Supply Chain Console



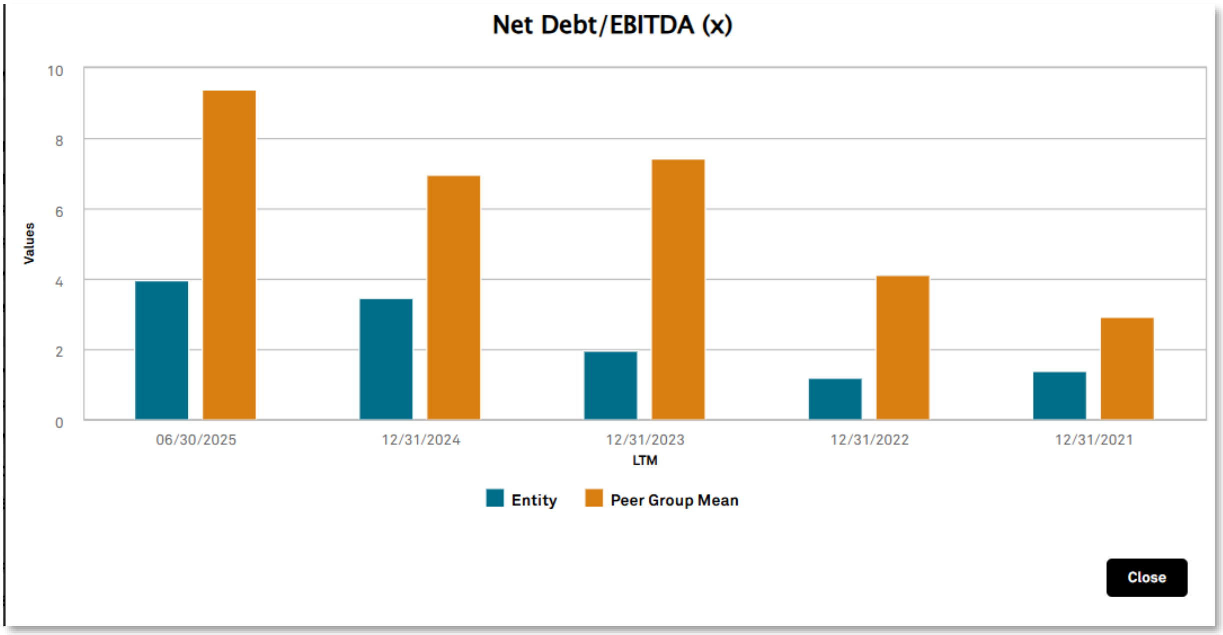
Source: Supply chain Console: https://connect.spglobal.com/supply-chain-console/focus/country-territory . As of October 2025, For Illustration Only

So let's take a look at an anonymized South Korean chemical company from prior country-industry filters. We traced the likelihood of credit quality deterioration using the Credit Monitor and comparable peer analysis[3].

Specifically, the company's Net Debt/EBITDA ratio surpassed the downgrade threshold of 3.5x. More strikingly, from the **Credit Health Panel**, similar-sized unrated peers exhibited equal or higher leverage and more pronounced deterioration over the past few years, suggesting a potential inflection in the industry credit cycle **(see Figure 7)**

Figure 7: Net Debt/EBITDA (x) trends for a South Korean chemical producer vs. its unrated similar sized peers

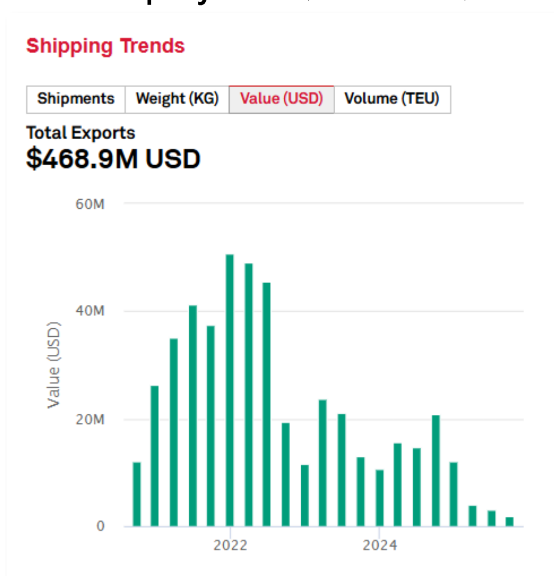
[3] For more details on methodology described in the webinar, see (Modernizing Credit Risk Management Powered by AI and Data: A Case Study on Tariff Impacts in the Auto Industry was applied to an anonymized chemical entity, highlighting key insights in the context of current market dynamics.



Source: Credit Health Panel on S&P Capital IQ Pro, S&P Global Market Intelligence, as of October 2025. For illustration only

More notably, exports for this company globally started to fall dramatically starting Q1 2025 to date **(Figure 8)** aligning with broader sector themes from both direct and secondary effects above. The latest earnings reports (summarized from ChatIQ) is indicating that the company has been restructuring its business portfolio in response to heightened uncertainty its business environment[4].

Figure 8: Export trends of this Company from Q4 2020 to Q3 2025 in USD



Source: Panjiva data from Supply chain Console: https://connect.spglobal.com/supply-chain-console/focus/company . As of October 2025, For Illustration Only

[4] Source: Final Transcript from the Company's Q4 2024 earnings call. From S&P Global Market Intelligence. As of November 2025. For illustration Only.

Conclusion: Maximizing Value from Gen-AI Applications for Macro use cases:

This article demonstrates how AI, combined with content-rich data and research, can enhance the efficiency and effectiveness of macro risk surveillance and analysis. Despite its potential, Gen-AI remains underutilized for macro applications[5].

To achieve successful outcomes, consider the following:

- **A credit risk framework to structure content search:** Employ a framework to analyse how macro risks translate into entity credit risks. For searches on entities and industries, use risk drivers identified in industry-specific ratings criteria and word clouds from commentaries as a starting point.
- **Curated Corpus:** Prioritize a well-curated corpus with more signal than noise to improve the reliability and consistency of insights generated by Gen-AI chatbots.
- **Multi-disciplinary expertise matters:** Source analysis from credible subject experts across credit, macroeconomics, supply chain, and sector research to augment understanding of emerging risks.
- **Prompt Design:** Craft contextually relevant prompts aligned with credit risk frameworks. For example: *"Which countries in the Asia Pacific are most at risk from global trade disruptions and a slowdown in China's economy? Please utilize the latest research and provide at least 1000 words."*
- **Entity and Report Identification:** Use "@" before company names and report titles to reduce the risk of irrelevant responses and hallucinations.
- **Vary Response Length:** Begin with longer responses to capture comprehensive insights and related articles; then condense for reporting and decision-making.
- **Time Period Considerations:** Retrieve both historical data and recent periods (e.g., quarter ends or start/end of year) to ensure timely and in-depth commentaries.

Webinar replay
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[5] See article "Are Credit Chatbots Worth the Resources?". Published September 24, 2025.

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