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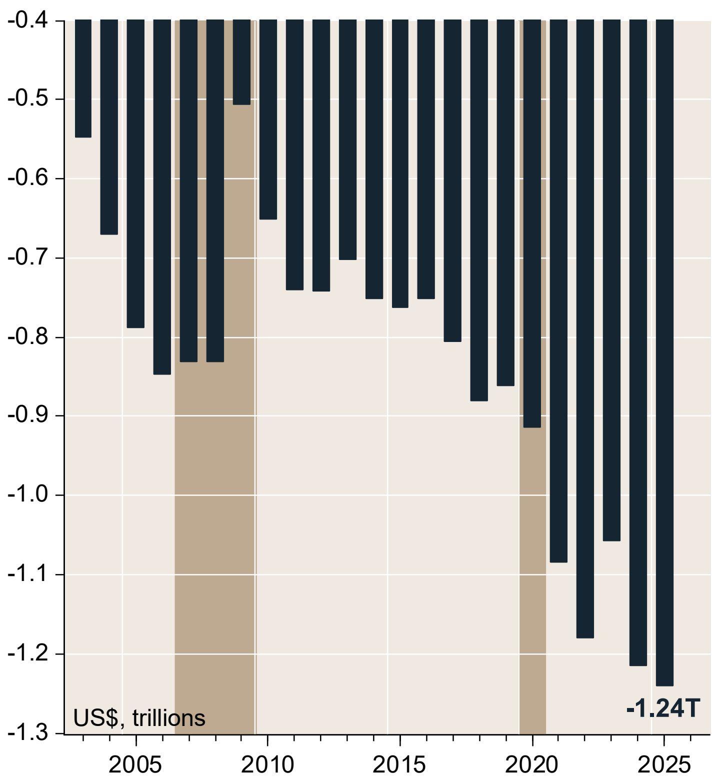
U.S. Watch

By Jocelyn Paquet

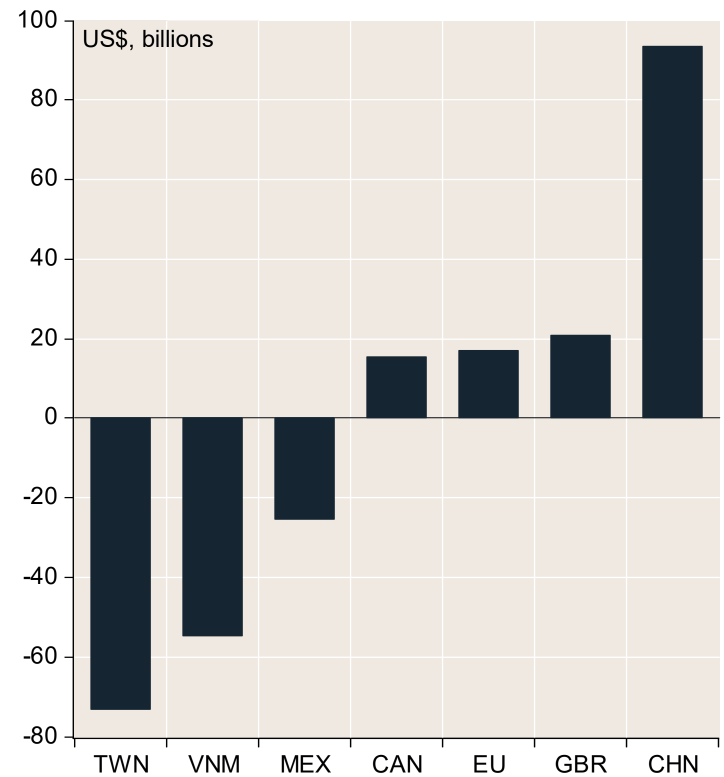
The year 2025 was marked by wild swings in the U.S. goods trade balance, reflecting businesses' efforts to navigate the new tariff environment put in place by the Trump administration. Between the presidential election and "Liberation Day," imports of goods indeed jumped by more than a quarter, as businesses brought forward their international orders before surcharges were implemented. These gains were then quickly erased, with some businesses preferring to rely on well-stocked inventories rather than repurchase foreign inputs at higher prices. Such idiosyncrasies made the month-to-month trade data particularly volatile last year. This is why we eagerly awaited the annual data, which promised to provide a clearer picture of the situation. The latter showed that the goods trade deficit reached a new all-time high of $1.24 trillion in 2025 on a customs basis, as imports grew faster than exports. Although more time will be needed to assess the long-term impact of Washington's policies on domestic production, this deterioration, combined with a decline in U.S. manufacturing employment last year, does not suggest that a wave of reshoring is underway. A review of country-specific data instead hints at a *reshuffling* of global supply chains. As today's Hot Chart shows, the trade deficit with China shrank by $93.4 billion in 2025—a development that will likely please the Trump administration— but this improvement was offset by significant increases in the deficits with Taiwan (-$73.0 billion) and Vietnam (-$54.7 billion). In Taiwan's case, the move reflected a surge in imports (+73.3%) linked to demand for microprocessors. The deterioration with Vietnam was also caused by a rise in imports (+42.0%), although here re-routing of Chinese products were likely to blame. The same re-export process may also have been responsible for the deterioration in the merchandise trade balance with several other Southeast Asian countries. In any case, trade patterns in 2025 suggest that bringing production back to the United States from sectors in which foreign producers have gained a significant comparative advantage over the years could prove a long and arduous process.

U.S.: More reshuffling than reshoring… for now

Goods trade balance on a customs basis, annual data



Change in the goods trade balance with selected countries, full year 2025 vs. full year 2024



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