

DENTONS

Navigating the US (Trump Administration's) Trade Policy and the impact on UK & EU Businesses

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What US tariffs have been implemented?

What are tariffs?

- Tariffs are an **import tax** where **importers** are obligated to pay a levy on goods imported from abroad. These can be based on **jurisdiction, specific goods or globally**.

What US tariffs have been implemented?

Aluminium & steel	<ul style="list-style-type: none"> Effective 12 March 2025, tariffs on steel and aluminium products, and certain steel and aluminium derivative products, were increased to 25%. All prior exemptions (e.g. General Approved Exclusions (GAEs)) have been removed.
China	<ul style="list-style-type: none"> Effective 4 February and 4 March 2025, two cumulative 10% tariffs (totalling 20%) have been imposed on all goods (including where under US\$800) being imported into the US. This compounds pre-existing tariffs.
Mexico	<ul style="list-style-type: none"> Effective 4 March 2025, a 25% tariff has been imposed on all goods imported from Mexico. On 5 and 6 March 2025, a one-month temporary exemption has been provided for goods that relate to the car industry and that fall under the 2020 US-Mexico-Canada Trade Agreement.
Canada	<ul style="list-style-type: none"> On 4 March 2025, a 25% tariff has been imposed on all goods imported from Canada, with a 10% tariff on Canadian energy imports. On 5 and 6 March 2025, a one-month temporary exemption has been provided for goods that relate to the car industry and that fall under the 2020 US-Mexico-Canada Trade Agreement. On 11 March 2025, the Trump Administration cancelled a 25% rise to steel and aluminium originating from Canada (effectively increasing tariffs to 50%).
EU	<ul style="list-style-type: none"> No tariffs have been imposed on the EU as of yet. However, the Trump Administration has announced that a 25% tariff will be announced “soon”. The Trump Administration has recently signalled a 200% tariff to EU alcohol in response to EU reciprocal tariffs.

What countermeasures have been implemented against the US?

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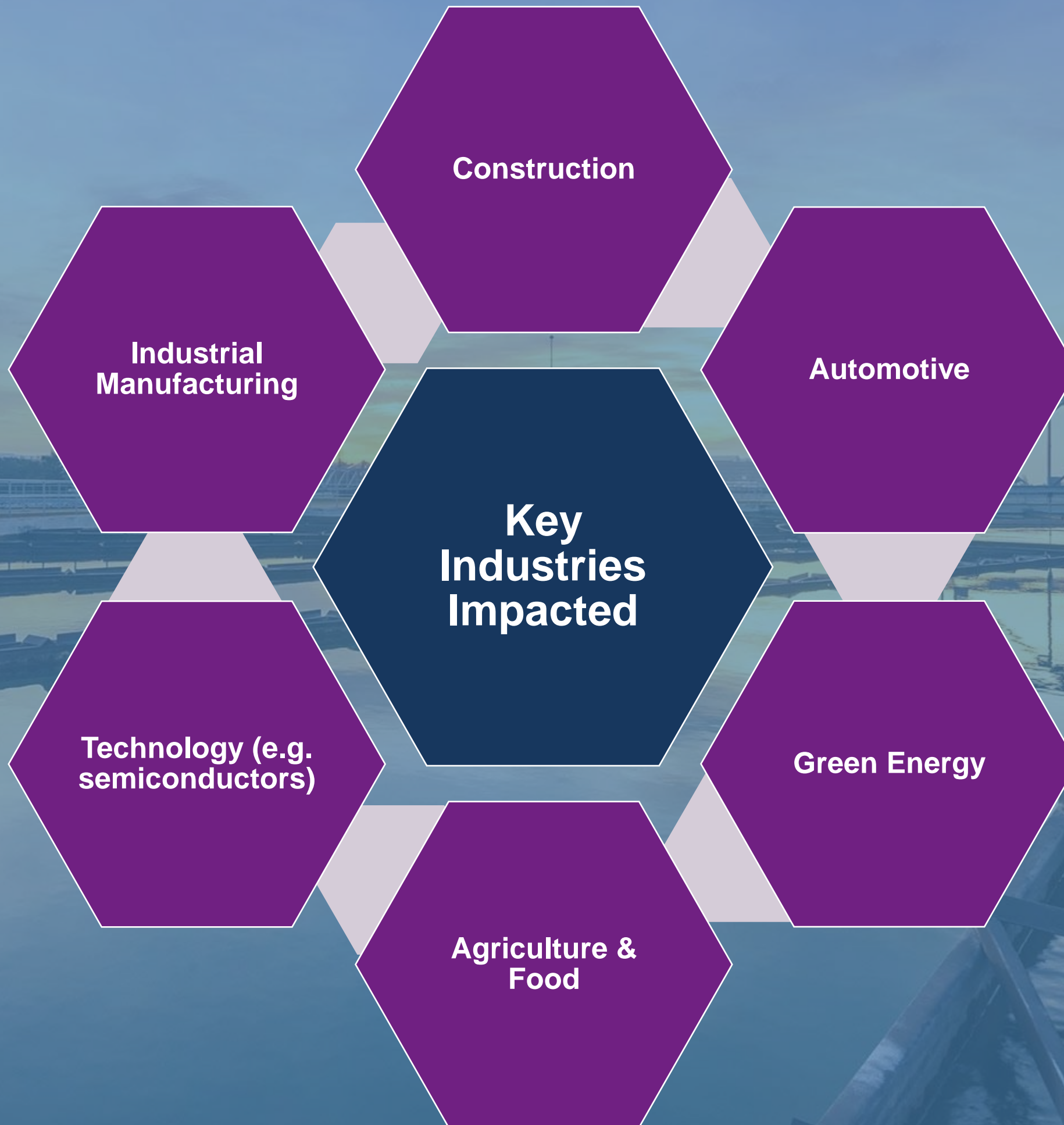
<p>China</p>	<ul style="list-style-type: none"> • Effective 10 February, China has imposed tariffs targeting US\$14 billion worth of goods. • This includes tariffs between 10-15% on certain goods such as coal, crude oil and farm equipment. • China has also commenced an anti-trust investigation into Google. • Chinese officials have also taken specific action against Walmart, insisting that they discount their products in China to account for the tariffs.
<p>Mexico</p>	<ul style="list-style-type: none"> • Mexico, one of the largest suppliers of steel to the US, has not yet implemented countermeasures on the US.
<p>Brazil</p>	<ul style="list-style-type: none"> • Brazil, one of the largest suppliers of steel to the US, has not yet implemented countermeasures on the US.
<p>Canada</p>	<ul style="list-style-type: none"> • Effective 4 March, Canada imposed 25% tariffs on goods worth C\$30 billion. The scope of countermeasures may be increased up to C\$155 billion. • In response to steel and aluminium tariffs, and effective 13 March, Canada is to impose a further 25% tariff on additional goods worth C\$29.8 billion.
<p>EU</p>	<ul style="list-style-type: none"> • The European Commission has stated that it will impose counter-tariffs on €26 billion worth of US goods. This includes on 1 April the re-imposition of suspended rebalancing measures and by mid-April the imposition of further countermeasures.
<p>UK</p>	<ul style="list-style-type: none"> • The UK has not implemented countermeasures but rather seems to be focusing on negotiating an economic deal with the US.

Impacts

Short-term impacts

Increase in prices	<ul style="list-style-type: none">• Tariffs will increase the cost of international goods, including components of complex products, and can raise costs for those further down the supply chain.
Consumer choice	<ul style="list-style-type: none">• Accessibility to products that are not produced domestically will diminish.• Consumers will face an increase in prices.
Disruption	<ul style="list-style-type: none">• Increases in costs will cause supply chain disruption.
Trade wars	<ul style="list-style-type: none">• As demonstrated by the EU, Canadian and Chinese countermeasures, and subsequent threat by the Trump Administration to impose more tariffs, a course of retaliation between states can occur.
Uncertainty	<ul style="list-style-type: none">• Succession of retaliatory measures fosters an unpredictable trade environment, deterring investment and hindering economic growth.
Barriers to trade	<ul style="list-style-type: none">• Governments may increase alternative barriers to trade in response to the increase in tariffs e.g. quotas, rules of origin, further regulations.

Impacts of trade wars



Impacts – EU and UK

European Union

- European steel industries will feel a **significant impact** from the tariffs.
- Higher **consumer prices** for US products.
- Diversification of supply chains.
- US industries impacted by EU countermeasures include (but are not limited to): bourbon, orange juice, soya beans and agricultural products.
- **Uncertainty** as to the countermeasures that may be imposed by the Trump Administration.
- Shares in some EU alcohol producers have fallen.

United Kingdom

- Potential for a UK/US **free trade deal** (so no retaliatory measures for now).
- Suggestion that the economic partnership may be **focused on technology**.
- The UK has not been exempted from the steel and aluminium tariffs.
- Estimated to impact 5% of UK exports to the US.
- Trump has threatened to impose countermeasures on all US trading partners, considering countries' VAT.

What actions should UK/EU businesses take in the face of new tariffs?

Potential actions	
Review contract clauses	<ul style="list-style-type: none"> Companies that export to or import from the US should review their current contractual clauses, to determine what clauses could be triggered e.g. liability for increased costs, change of law clauses. Future contracts should consider implementing clauses to mitigate risk.
Review exposure to the US market	<ul style="list-style-type: none"> Companies that export to or import from the US market should review their exposure, implement plans and consider supply chain diversification where possible.
Review trends in global markets	<ul style="list-style-type: none"> Where a company is exporting to the US, it will want to consider trends of the industry and actions taken by its competitors to remain competitive.
Factor in global uncertainty	<ul style="list-style-type: none"> Businesses, whether exporting or importing, should factor in the risk of economic downturn as a result of the ongoing trade wars. Exporters and importers should also be vigilant of changes to tariff policy as the situation develops.
Key announcements to watch	<ul style="list-style-type: none"> EU-related tariffs are set to go into force in early April. Trump Administration may announce further tariffs on 2 April. Trump Administration may announce further reciprocal tariffs on the EU and Canada specifically, and the Trump Administration is also planning country-by-country reciprocal tariffs around the same time. The Trump Administration may announce tariffs against India by 2 April. The month's relief for Canadian and Mexican goods specifically is due to expire in early April.

Please get in touch if you have any questions or would like a confidential discussion.

Please also see our global Dentons Trump Administration Hub for legal analysis as the situation develops.

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