CLECAT
European Association for Forwarding, Transport, Logistics and Customs Services

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BRIEFING

US announcement of universal tariffs

On 2 April 2025, President Donald Trump issued an executive order (EO), "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits," which applies a reciprocal tariff of 10 percent on all imports into the U.S., pursuant to the International Emergency Economic Powers Act (IEEPA). These will take effect on 5 April 2025.

Additionally, the 10 percent global tariff (Global Tariff) will increase to 11 percent to 50 percent for countries identified in **Annex I of the EO**. These 57 countries will be subject to increased reciprocal tariffs (instead of the 10 percent Global Tariff), based on a Trump Administration determination of nonreciprocal or discriminatory trading practices. These will take effect on 9 April 2025. Many countries and trading blocs have been targeted by President Trump's for having high tariffs and running large trade surpluses with the country. These face additional tariffs (selected countries only):

- European Union 20%
- China 34%
- Japan 24%
- India 26%
- Israel 17%
- South Korea 25%
- Switzerland 31%
- Thailand 36%
- Vietnam 46%

The 25 percent tariffs on imported cars, authorized under Section 232 of the Trade Expansion Act of 1962 (Section 232 Tariffs), went into effect on 3 April. The 25 percent Section 232 Tariffs on imported steel and aluminium, in effect since 12 March remain in effect. Additionally, goods subject to Section 232 Tariffs are not subject to the Global Tariff or increased Reciprocal Tariffs. It is unclear how this exception applies for steel and aluminium derivatives.

Annex II of the EO lists **products that are exempt from the tariffs**. This list is extensive and includes, inter alia, minerals and pharmaceuticals. The EO also ends the de minimis exemption for goods valued at less than $800 from China and Hong Kong, effective on 2 May 2025.

Trump accused the EU of targeting the US with a tariff rate of in effect 39 per cent. He based that figure on other factors such as VAT, which reaches 27 per cent in some Member States, and restrictions on imports of chicken washed with chlorine and other agri-food goods.

EU response to US tariffs

The European Commission's retaliation against the US protectionism measures will follow a **two-track countermeasure strategy.** Response to the last month's 25% tariff on steel and aluminium imports into the US will come into force on 13 April.

1. The European Commission has **reimposed previously suspended tariffs.** As of **1 April 2025**, the EU has reinstated its 2018 and 2020 rebalancing measures, which impose tariffs that cover a wide range of US exports, including bourbon, motorbikes, and boats.
2. Given the expanded scope of US tariffs, the Commission is preparing a new package targeting €18 billion worth of US goods. These include both industrial and agricultural products, such as:
    - **Industrial**: steel, aluminium, textiles, leather goods, home appliances, tools, plastics, and wood products.
    - **Agricultural**: poultry, beef, seafood, nuts, eggs, dairy, sugar, and vegetables.

Please find the link to the **List Of Products Which Could Be Subject To Possible Commercial Policy Measures**.

Timeline for Implementation:

- **12 March**: Stakeholder consultations began with the publication of a proposed product list.
- **From 26 March**: Finalisation of the draft implementing act and consultation with EU Member States under the Enforcement Regulation (EU No 654/2014).
- **13 April**: Formal adoption and entry into force of the new countermeasures, pending Member State approval.

Despite this initial response, the European Commission’s priority is to reach a negotiated deal with Washington to reduce both the existing duties and avoid further tariffs. Ursula von der Leyen, president of the European Commission, said on 3 April in an official statement:

> ‘*We know that the global trading system has serious deficiencies. I agree with President Trump, that others are taking unfair advantage of the current rules. And I am ready to support any efforts to make the global trading system fit for the realities of the global economy. But I also want to be clear: Reaching for tariffs as your first and last tool will not fix it. That is why, from the outset, we have always been ready to negotiate with the US, to remove any remaining barriers to Transatlantic trade. At the same time, we are prepared to respond. We are already finalising a first package of countermeasures in response to tariffs on steel. And we are now preparing for further countermeasures, to protect our interests and our businesses if negotiations fail.*’

Impact on trade and logistics

Deutsche Bank estimated on Wednesday that Trump's reciprocal duties could reduce the EU's overall GDP by between 0.3% and 0.6%.

ING estimates that in the short term (1-2 years), a 25% tariff on EU imports would reduce exports by 19% which, in turn, will result in a decrease in GDP of 0.33%.

Germany accounts for about a third of all EU's exports to the USA. However, as it also exports a large proportion of goods to the rest of the world, its exposure is mitigated – exports to the US are only a fifth of its extra-EU trade.

The most exposed Member State is Ireland: 46% of its extra-EU trade goes to the USA as a result of the tax breaks it offers US companies especially those in the pharmaceutical industry. ING believes that 9.7% of Ireland's economy is exposed to the impact of tariffs.

According to the Centre for European Reform (CER), trade's share of EU GDP was 22.4% in 2023 and rising, compared with 18.6% in China and just 12.7% in the US. Whilst trade with the US is just a small component of this amount, the EU bloc is particularly reliant on trade openness and will be vulnerable to any new barriers, especially if these become the 'new normal' for all trade partners.

The countries in the second, less impacted, group (10% tariffs) with no significant trade surplus and similar tariffs to the US, will probably try to negotiate a 'carve out', especially if they are able to offer something in return, such as a commitment to buying American oil and gas, for instance. The UK is presently negotiating a trade deal with the US which could remove tariffs completely.

On a sector basis, the pharmaceuticals industry in the UK, Ireland, Germany, Denmark and Switzerland could be some of the hardest hit. In some cases, companies will be able to relocate production to existing US production facilities, should they have them, although this can take at least a year. Establishing new factories requires considerable investment and involves even longer regulatory lead times. For this reason, global pharmaceutical companies are pushing for a phased approach to tariff implementation which will allow them time to rebalance their supply chains. As with all aspects of the tariff policy, some companies will be affected more than others.

DHL CEO Tobias Meyer reacted (see full article) saying that 'we have seen a clear commitment from countries to further trade. Therefore, it's not easy to predict how this will play out for us from a volume perspective.'

US based analyst TI noted that 'the impact on the logistics industry is also nuanced. The increased complexity of the administration of tariffs and international trade processes will help many freight forwarders improve their yields, essentially by selling higher value services leveraging their experience and know-how. At the same time many global logistics companies are benefiting from increased interest and usage of warehousing facilities in US free trade zones which allow for goods to be stored and, in some cases, manufactured without incurring tariffs. These are only imposed when they enter free circulation in the USA.'

As Peter Tirschwell at the Journal of Commerce commented, tariffs will suppress US consumer demand for international products, increasing capacity. This will force down shipping freight rates, already being pushed lower by global economic stagnation. The abolition of 'de minimis' rules will have the same impact on the air cargo industry with new regulations applying to all markets once the US Customs systems are in place.