Current Trade Situation Explained

Chambers Ireland and ICC Ireland

April 2025

Tariffs Timeline

- **9 April** – US reciprocal tariffs on 50 countries above 10% global baseline came into effect but were suspended on the same day for 90 days for non-retaliating countries. For China, the increase in duty was raised to 145%. EU Ministers voted on first sets of retaliatory tariffs on steel and aluminium
- **11 April** – China 125% retaliatory tariffs on all US goods imports came into effect.
- **15 April** – First set of EU retaliatory tariffs was due to take effect but is suspended until 9 July.
- **17 April** – Decision from US Trade Representative Office on shipping landing charges – potentially new charges of $1.5m per landing for shipping lines at US ports which have China made boats in their fleets or on order. Will impact on logistics around exports.
- **3 May** – 25% duties to apply to automotive parts imported for use in US-made vehicles (estimated $460bn of cars and car parts covered by new duties) – engines, lithium batteries, tyres, shock absorbers, computers.
- **8 July** – 90 day suspension period for non-retaliating countries of reciprocal tariffs above global baseline rate of 10% due to end.
- **22 November** – deadline for report on copper tariffs to go to President.

New plan

- 10% global baseline tariff on all imports applied from **5 April**.
- Beyond the baseline, differential tariffs country by country represent biggest shift in global goods trade since 1947. Tension with WTO rules.
- Pharmaceuticals, semiconductors, lumber, copper, energy, critical minerals, steel, aluminium excluded.
- May be further sectoral tariffs announced eventually on pharmaceutical, semiconductors and critical minerals.
- Duties not stacked – so no supplement on steel/aluminium/automotive tariffs.
- **9 April** – further reciprocal duties applied if tariff assessment made beyond 10% for individual states, but have been suspended for 90 days for non-retaliating countries.
- These duties are not cumulative with the sectoral tariffs announced.
- ow the US Government did the assessment for each country – focus on trade balances in goods.
- Reciprocal tariffs meant to examine line by line tariff, regulatory, fiscal issues in each trading market.
- Final plan applied a formula focused on goods trade surpluses between the US and trading partners.
- Examples of country assessments for tariffs applied from **9 April** (suspended for 90 days for non-retaliating states).
- Duties will be enforced on low value consignments arriving containing goods of China origin either by sea or international postal services.
- Goods sent by post from China or Hong Kong will face ad valorem duties of 120% of the value of the postal package, or a specific duty per item of $100 from **2 May** until 31 May, rising to $200 per item from 1 June.
- Awaiting guidance from US Customs and Border Protection on enforcement post **2 May**.
- Threshold stays in place for now on other countries low value consignments but could be reviewed once revenue collection processes fully evaluated by US Administration.

- If countries reduce their trade imbalances or produce plans to achieve that, reciprocal tariffs can be adjusted downwards by the USA.
- If countries adopt further retaliatory measures, their reciprocal tariffs can be adjusted upwards by the USA – see potential changes in tariff rates to be applied to China imports.

What happens now?

Chambers Ireland have called for a measured response, and for businesses to make use of the markets of countries we already have trade relationships with. Here is a link to our press release.

The EU is currently focusing on delivering an appropriate response to United States measures. A second tranche of measures could be considered for July if no deal reached. This may include tariffs only, or using the EU Anti Coercion Instrument to target US tech companies, intellectual property, procurement or services market access. Recent public statements by President Donald Trump (on Truth Social), U.S. Trade Representative Greer, and Commerce Secretary Howard Lutnick have confirmed the U.S. administration's intention to launch Section 232[1] investigations (similar to current tariffs on steel and aluminium) on pharmaceutical and semiconductor products.

The EU is also working to strengthen trade links with other parts of the world. On 10 April, the EU and UAE agreed to launch FTA negotiations during a meeting between President Ursula von der Leyen and President HH Sheikh Mohamed bin Zayed Al Nahyan. In addition, on 8 April, the European Free Trade Area (Norway, Switzerland, Iceland and Liechtenstein) signed a modernised FTA. The revised FTA covers new market access commitments for goods and

[1] A Section 232 (s232) investigation is a U.S. trade law tool that allows the government to investigate whether certain imports threaten national security — and if so, to take action (like tariffs or quotas) to address that threat.

introduced new chapters on modern trade issues such as trade and sustainable development and e-commerce. Representatives of EU Member States have adopted a decision supporting the signature of the EU-Singapore Digital Trade Agreement, marking another step closer to seeing the agreement enter into force. Malaysia and the European Union (EU) have resumed negotiations for the Malaysia-European Union Free Trade Agreement (MEUFTA), which had been stalled since 2012. In addition, Trade Commissioner Cecilia Malmström has told the European Parliament that preparatory work has been done to negotiate a new trade relationship with Australia and New Zealand. The EU has also discussed with India the progress of negotiations on a proposed free trade agreement, aimed at boosting two-way commerce and investment.

There is going to be a prolonged negotiation period between the EU and the US before there is any certainty on how the current situation will play out. Chambers across the European Union and in the United States are promoting dialogue, and a flexible approach to overcoming these problems.

How can businesses mitigate their risk?

Businesses need to act strategically to understand and manage their exposure. While the impact will vary by sector and product, there are several proactive steps companies can take to mitigate risk, protect margins, and preserve key trading relationships.

1. **Assess worst-case cost scenarios** - Estimate potential exposure by calculating the highest possible tariff and trade disruption costs.
2. **Explore duty mitigation options** - Align customs valuation with transfer pricing to potentially reduce tax rates when importing into the US.
3. **Build tariff flexibility into contracts** – Add clauses that allow price or supply renegotiation if tariffs change further or increase over time.
4. **Strengthen documentation and audit readiness** – Ensure records support tariff classification, origin, and valuation in the event of a U.S. Customs audit.
5. **Model long-term cost impacts** – Integrate tariffs into long-term financial forecasts and capital planning to reflect ongoing trade friction.
6. **Train internal teams on trade compliance risks** – Enhance staff awareness of tariff-related risks and procedures, especially in finance, procurement, and logistics.
7. **Implement strategies to avoid or recover duties** - Consider sourcing from alternative suppliers or markets to reduce or delay duty payments.
8. **Review supply chain resilience** – Map out the full supply chain to identify vulnerabilities and potential alternatives.
9. **Leverage special trade provisions** - Explore initiatives such as bonded warehousing and special classification rules.
10. **Evaluate pricing strategies** – Adjust pricing models where necessary to reflect increased costs without losing competitiveness.
11. **Increase tariff classification accuracy** – Re-examine product classifications under the U.S. Harmonised Tariff Schedule to ensure correct, potentially lower duty rates.
12. **Stay updated on compliance and tax changes** – Carefully monitor developments that may affect customs and tax regulations.

Looking ahead

We are already liaising with Government on a frequent basis to advise on next steps to ensure that business' concerns are heard and to mitigate their risks.

While this new international trading environment is difficult – there are also opportunities to view the current geopolitical situation as a strategic disruption which can vitalise Irish business in new ways. In the future, businesses will have to be more creative in exploring new or underutilised markets. We have Free Trade Agreements with many countries which whom we do minimal trade. In addition, we underutilise the advantages of free trade within the Single Market and the United Kingdom. Companies should be utilising these international connections strategically to minimise supply chain pressures.

At a high level, we support expanding the EU's network of bilateral trade agreements with the world's growth centers to secure better and more reliable access for businesses. We will continue to promote the coherent implementation of our existing trade agreements, especially towards SMEs, building on the Chamber network's unparalleled links to the business community.

Competitiveness is now more important than ever and must be prioritised. Our continued prosperity will rely on the State standing out as the optimum open trade, European economy that is a thriving and dynamic place to invest in.

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