US-EU Trade Agreement:

Key Considerations for Irish Businesses

Introduction

Donald Trump was elected to office in November 2024. Just like during his first presidential term, he promised to enact many of the 'America First' policies upon which he campaigned.

Trump's electoral promise was to rebalance America's international trade relationships and to reshore much of the U.S. manufacturing base. The implementation of tariffs on goods imported to the U.S. is the primary policy tool to achieve these ambitions.

On April 2nd, 2025, President Trump announced that 'reciprocal' tariffs would be levied on goods being imported to the USA. Goods of EU origin would face an import tariff of 20%, while goods of UK (including Northern Ireland) origin would attract a 10% rate.

These reciprocal tariffs were in addition to a 25% tariff on imports of cars and parts of cars and to imports of steel, aluminium and derivative products respectively.

The 'Liberation Day' announcement met with an unfavourable market reaction. To calm the bond markets, a universal 10% tariff rate was applied to every country (except China) and the application of the tariff rates announced on April 2nd were postponed until July 9th, 2025. The President indicated that this 90-day period was to give partner countries the time to conclude trade agreements with the U.S. administration. The "pause" was subsequently deferred to August 1st, 2025.

During this time, the UK reached a trade arrangement with the USA resulting in UK imports being levied with a 10% import tariff.

By contrast, on Saturday July 12th, President Trump informed European Commission President Ursula von der Leyen that as of the August 1st, goods from the EU would face a 30% import tariff.

As part of its preparations, the European Commission has compiled a list of goods from the US with which it would retaliate if necessary.

EU and US reach trade agreement

On Sunday 27th of July, negotiators from the EU and US trade delegations announced a trade framework deal which provides that a 15% tariff rate would be applied to many EU goods being imported into the USA.

In her press conference, President Ursula von der Leyen said that a “single all-inclusive” 15% tariff rate would be applied across most products of EU origin being imported into the US. It was also clarified that this is a ceiling rate and that a tariff stacking approach would not be applied to EU imports to the US.

Based on President Trump’s earlier comments, there has been some confusion over the scope of the framework agreement, in particular on its application to the pharmaceutical sector. President von der Leyen has said that the 15% rate would apply to pharmaceuticals, cars and semiconductors but a “zero for zero” tariff rate was agreed on some strategically important goods such as aircrafts and component parts, certain chemicals and certain agricultural products. She indicated that there is not yet any clarity about how alcoholic beverages will be treated, but that this detail would be worked out in the coming days.

There is expected to be no change to the treatment of non-US origin aluminium and steel. These goods will continue to be subject to tariffs of 50% upon import to the US. However, there was a commitment given for both parties to work together to combat global overproduction and to put a tariff quota system in place.

The EU has pledged to greatly increase its purchase of energy products from the US, which should diversify supply. Furthermore, it should also go some way to rebalancing trade levels between the two blocs.

Despite this deal, it remains a fact that EU exporters are now faced with higher tariffs than existed at the beginning of 2025 and, as a result, diminished access to the US market. This is expected to hamper trade in some sectors but there will be relief that the threatened 30% tariff rate will not now be levied on EU imports.

Irish importers will also be relieved that US origin goods will not be subject to EU rebalancing or retaliatory tariffs that would have been applied to US origin goods if no deal had been reached.

What does this mean for Irish business?

The uncertainty caused by the US tariff policies has had a dampening effect on levels of investment and trade. In the early months of 2025, the CSO trade statistics showed significantly elevated exports to the US, which was indicative of stockpiling, i.e. a hedge against the implementation of tariffs by the US government. It is expected that the presence of these forward purchased stockpiles will cool demand for Irish exports in the 2nd half of 2025.

Following a period of considerable turbulence and uncertainty, this deal provides a platform on which businesses on both sides of the Atlantic can once again begin to operate in a more predictable trading environment.

However, as more details of the framework agreement are released and further negotiations on certain aspects continue, there will be greater clarity on the potential impact of the framework trade agreement on Irish businesses. In particular, clarity on the potential impact on the pharmaceutical sector, a significant exporter of goods from Ireland to the US, will be very important.

There are a number of actions that Irish businesses should consider in response to the trade framework agreement.

Understand your exposure to exporting to the US

- Consider impact of 15% tariff to be levied on goods of EU origin
  - Consider sectoral tariffs (e.g. steel/aluminium) which are levied in addition to the baseline tariffs
- Map your supply chains and consider if your business has exposure resulting from incorporation of materials originating in other jurisdictions (e.g. parts/materials from China that are processed in Ireland)
- Analyse differences between Customs and TP valuations including any specific price corrections required for Customs purposes.

Revisit value for customs purposes

- Assess feasibility of tariff mitigation strategies (short and long term) including any associated direct and indirect tax implications
- Review current and alternative transfer pricing models which may impact on the product price for good acquired by a US affiliate. Analyse alignment between Transfer Pricing and Customs valuations for any revised models
- Evaluate opportunities to identify and separate non-dutiable charges from the custom value through bundling and unbundling strategies
- Consider application of First Sale for Export methodology

Diversify

Consider whether supply chains can be diversified to increase tariff efficiency where necessary

Comply

Good customs compliance – particularly in respect of HTSUS (Harmonized Tariff Schedule of the United States) codes and the originating status of goods must be treated as a priority.

Monitor

Monitor developments – stay up to date with developments and adapt where possible.

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