

US Tariffs and the Economy

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US Tariffs timeline

- 12 March – 25% import duties on UK and global steel, aluminium and derivative products entering the US. Applies to wide range of products from furniture, construction, tableware, nuts, screws,. Already having effect on supply chains.
- 2 April – reciprocal tariffs announced (see next section)
- 3 April – 25% additional import duties on UK and global automotive vehicles entering the US. This is on top of previous duties of 2.5%, making duty payable at new rate of 27.5%.
- 13 April – EU first set of retaliatory tariffs to be introduced.
- 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.
- 22 November – deadline for report on copper tariffs to go to President.

US Tariffs – the new plan

- 5 April – 10% global baseline tariff on all imports to apply from this date.
- Pharmaceuticals, semiconductors, lumber, copper, energy, critical minerals, steel, aluminium excluded.
- May be further sectoral tariffs announced later on pharmaceutical, semiconductors and critical minerals.
- Duties not stacked – so no supplement on steel/aluminium/automotive tariffs now in operation.

- 9 April – further reciprocal duties to apply if tariff assessment made beyond 10% for individual states.
- These duties are not cumulative with the sectoral tariffs announced.
- China is the exception – it will face duties of 54%.

US Tariffs – the new plan

- How the US Government did the assessment for each country (David)
- 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.
- UK and Brazil both given 10% reciprocal tariff (the baseline) – average UK duties 1.3%, Brazil 13.29%
- Examples of country assessments for tariffs to be applied from next Wednesday–
- Vietnam 46%, Thailand 36%
- China 34%, Taiwan 32%, South Africa 30%
- Switzerland 31%, India 26%, South Korea 25%
- Japan 24%, EU 20%
- UK, Brazil 10% (baseline)

US Tariffs – the new plan

- De minimis threshold abolished on China sourced goods entering the US
- Duties will be enforced on low value consignments arriving from China
- Threshold stays in place for now on other countries low value consignments but could be reviewed
- If countries reduce their trade imbalances or produce plans to achieve that, reciprocal tariffs can be adjusted downwards by the President.
- If countries adopt further retaliatory measures, their reciprocal tariffs can be adjusted upwards by the President.

US Tariffs – considerations and concerns

- How are supply chains being already affected by steel/aluminium tariffs? How are they impacting upon sectors like aviation and aerospace?
- What will the 10% tariffs mean for traders? Which sectors are particularly exposed to new tariffs?
- How will EU retaliatory measures affect businesses in NI?
- If EU and China retaliate, matters could escalate with even higher duties? How would an escalating trade war affect the economy?
- Is the UK non-retaliation response for now right?
- Goods from China and other markets with high tariff assessments in the US may look to find buyers in the UK – known as trade diversion. What risks are there for domestic industries?
- How should the Trade Remedies Authority engage with business and undertake its vital tasks in this new era of tariffs?
- How should Ministers seek to engage with us in this new trading environment?

US Tariffs – What Next? Advice products

- DBT likely to produce comms and explainers in coming day to help businesses
- BCC can summarise the President's Executive Order and the guidance produced by US Customs and Border Protection as soon as it is released.
- Update tariffs explainer/Q&A document and reissue for end of the week.

US Tariffs – What Next? Asks from Government

- British Business Bank should provide support for companies facing economic distress and cashflow problems from the sudden imposition of duties and effects upon orders.
- Press Government on what more UK Export Finance can do to cushion the impact upon SMEs.
- Outline BCC priorities for continued US trade negotiations to the PM and Secretary of State for Business and Trade.