

EU-US Trade Deal Unpacked: How to Prepare

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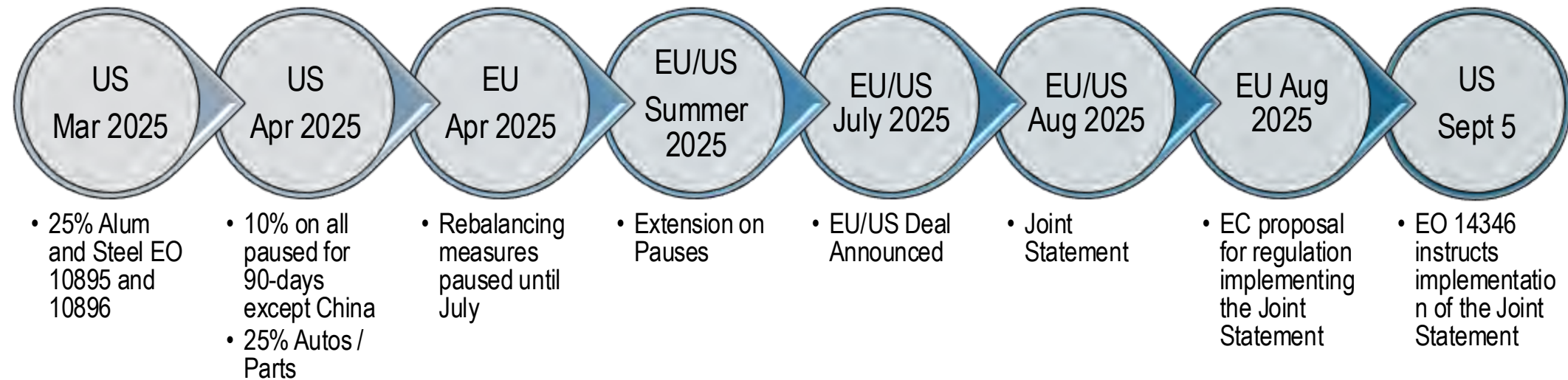
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Julie Ann Parks

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EU-US Trade Deal Timeline



EU-US Trade Deal Status

- On the EU side, the European Union:
 - Secured — at least for now — Most Favored Nation(1) treatment for several goods exported to the United States.
 - Released their [proposal](#) for a regulation which will proceed via the ordinary legislative procedure, involving both the European Parliament and the Council. Highlights include:
 - Elimination of customs duties on industrial goods originating in the United States;
 - Suspension of ad-valorem (percentage-based) duties on selected agricultural and seafood goods;
 - Opening of tariff quotas for certain U.S. agricultural, industrial and chemical goods, thus allowing for limited quantities to be imported at reduced or zero tariffs.
- On the U.S. side, implementation is underway:
 - Executive Order [14346](#), issued on September 5th, followed by a Federal Register notice on September 25th reduced tariffs on EU automobiles and parts to 15%, retroactive from August 1st. It also applied MFN-only tariffs to agreed EU product groups starting September 1st.
 - Note: these measures replaced the 10% baseline tariff introduced in April 2025 and exempted several categories of EU imports, namely aircraft, natural resources and pharmaceuticals.

EU-US Trade Deal Unpacked

Released via Joint Statement on August 21

US Benefits. The European Union will:

- Eliminate tariffs on US industrial goods
- Apply “preferential market access” to US seafood and agricultural goods.
- The European Union will purchase \$750 billion of US liquefied natural gas, oil, and nuclear energy and at least \$40 billion worth of US AI chips. The joint statement also indicates that EU companies are expected to invest \$600 billion across US strategic sectors through 2028 and that the European Union plans to increase its procurement of US military equipment.

EU Benefits. The United States will:

- Apply the higher of the US most favored nation (“MFN”) tariff rate or a 15% tariff (ceiling) rate on most EU goods.
- Apply MFN-only rate unavailable natural resources (such as cork), all aircraft and aircraft parts (reinstating the Civil Air exemption), generic pharmaceuticals and their ingredients and chemical precursors. Note: EU spirit tariffs were not further negotiated.
- Ensure the Section 232 tariff rate applicable to pharmaceuticals, semiconductors, and lumber, which consists of the MFN tariff and potential future Section 232 tariffs, does not exceed 15%.

Joint Resolutions.

- European Union and the United States to cooperate to ring-fence their domestic markets for aluminum and steel (and their respective derivatives) from global overcapacity and to secure supply chains in these products.
- The United States and European Union will also commit to removing non-tariff barriers to trade, such as by mutual recognition of automobile standards between the jurisdictions or by working to streamline sanitary certification for agricultural products and minimizing the impact of EU deforestation.
- Commitment to remove barriers to digital trade, such as network usage fees and the imposition of duties on electronic transmissions.
- Non-preferential [Rules of origin](#) will be negotiated to ensure that the benefits of the agreement will predominantly flow to the United States and European Union.
- The European Union and United States will cooperate to protect their economies and enhance supply chain resilience by coordinating their export control policies to prevent diversion of sensitive goods and technologies — such as [advanced AI compute](#) — to countries of concern.

Other EU-US Considerations

Today's session goes beyond the deal — We will cover what businesses need to know EU / US state of trade and practical implications

- Trade reality ≠ trade headlines — companies must still manage duties, exclusions, and enforcement risk in real time, for example, Section 232 measures, and their derivatives, continue to impact EU–U.S. trade across key sectors
- EU Customs Reform is approaching — significant structural changes ahead for importers, exporters, and intermediaries

Preparation matters **now** — understanding today's requirements is essential!

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Thomas Cook
Managing Director
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My Discussion points: Preparing for ...

- Logistics
- Trade Compliance
- Operations
(Manufacturing & Distribution)

General Thoughts ...

- ☐ EU Trade Deal is a work in process
- ☐ Paying strict attention
- ☐ Understanding options in mitigation
- ☐ Being able to “Pivot Quickly”
- ☐ Peripheral Issues: NATO & Ukraine



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Some General Concerns:

Valuation

Origin

HTS

Related
Parties

Bills of
Materials



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Logistics

**Reasonably
Stable**

**Red Sea
Opening Up**

**Carriers &
Terminal
Operators ... asset
placement**



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Trade Compliance

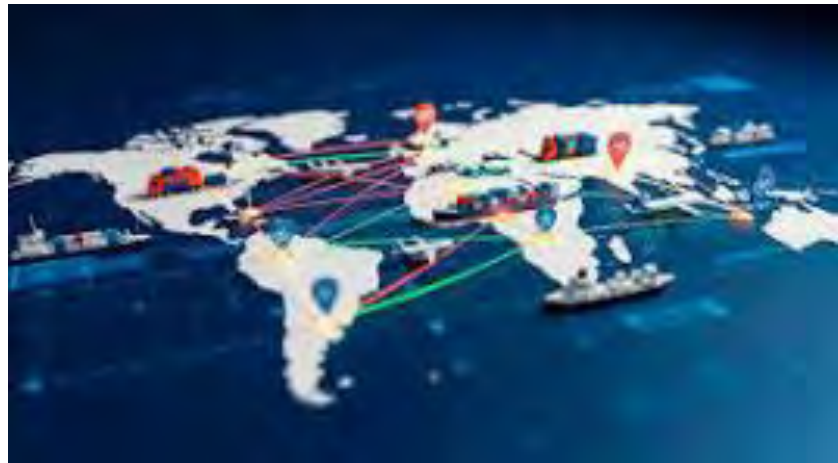
Tariff Layering



Shifting
Regulations
on Tariffs



Stricter
Enforcement



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Operations: Manufacturing & Distribution

Cost Escalations

Complicated Customs Clearance

Impacting Margins, Profits & Competitiveness



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Making Informed Decisions!!!



In summary:

- ❑ EU Trade Deal ... Opportunites & Challenges
 - ❑ Paying Attention & Staying Informed
 - ❑ Aligning with Trade Professionals
- ❑ Understanding there are Numerous Risk and Spend Solutions



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European Shippers' Council

EU – US Trade Framework

Godfried Smit
Secretary General





EU-US Tariffs & Trade Framework (2025)

Power, policy response, and business implications

Agreement reached in principle 27 July 2025; joint statement published 21 August 2025

Prepared for an academic audience



US tariff floor on EU-origin goods

15%

Applies as max(MFN, 15%)

Energy offtake (EU intent)

\$750B

Through 2028 (LNG/oil/nuclear)

Additional EU investment

\$600B

Expected through 2028

Key takeaways

- EU commits to eliminate tariffs on all US industrial goods and expand preferential access for selected US agri/seafood products; extends the (previous) lobster tariff arrangement.
- Deep “economic security” content: rules of origin; alignment on technology security; cooperation on export controls, investment screening and critical minerals.
- Regulatory concessions become bargaining chips: EU commits to flexibilities on CBAM implementation, and to reduce transatlantic burden from EUDR/CSDDD/CSRD.
- Firms broadly welcome reduced uncertainty vs escalation but warn the 15% tariff floor is materially above historic MFN levels and may incentivize reshoring and supply-chain rewiring.

Why a “framework” (not an FTA)?

The 2025 deal is best understood as a managed-trade/economic-security bargain: it trades tariff certainty and sectoral caps for procurement/investment intentions and regulatory adjustments. This structure reflects asymmetric leverage (US tariff threat) and EU internal constraints (legislation, member-state competencies).



2025 sequence (stylized)

Early July

**Tariff escalation threats
(30% and earlier 50%
discussed)**

EU prepares countermeasures;
firms stockpile.

27 Jul

**Agreement in principle (von
der Leyen–Trump)**

Baseline 15% tariff;
procurement/investment
intentions announced.

21 Aug

Joint Statement published

Adds operational detail: MFN-
only carve-outs; conditional
auto tariff mechanics;
regulatory commitments.

1 Sep

**MFN-only carve-outs
effective**

Aircraft and specified generics
shift to MFN-only; list may
expand.

Non-tariff & regulatory commitments

Market access & facilitation (EU-side commitments)

- **Eliminate tariffs** on all US industrial goods; expand preferential access for selected US seafood/agri products.
- **Eliminate tariffs on fresh lobster** and processed lobster
- **Address food/agri non-tariff barriers** (e.g., streamlining sanitary certificates for pork and dairy).
- **Customs digitalisation** & consultations with US traders on EU Customs Reform.
- EU proposed **simplified compliance pathways for its methane** rules for oil & gas imports following US pressure (implementation-related de-risking of energy trade).
- Council agrees to **negotiating mandate** (25th Nov. 2025). With the adoption of these mandates, the Council is ready to begin interinstitutional negotiations (trilogues) with the European Parliament, with a view to reaching a final agreement on both texts

Economic security & sustainability (cross-cutting)

- **Standards:** mutual recognition intentions for automobiles; broaden conformity assessment cooperation.
- **Energy:** address non-tariff barriers; EU intends US energy offtake valued at \$750B through 2028.
- **Climate & sustainability:** commitments to avoid undue trade impacts from EUDR; add flexibilities in CBAM implementation; reduce burdens from CSDDD/CSRD.
- **Digital trade:** EU confirms it will not adopt network usage fees; both support WTO e-commerce moratorium.
- **Security alignment:** cooperation on export restrictions, investment reviews, export controls, duty evasion, and critical minerals.

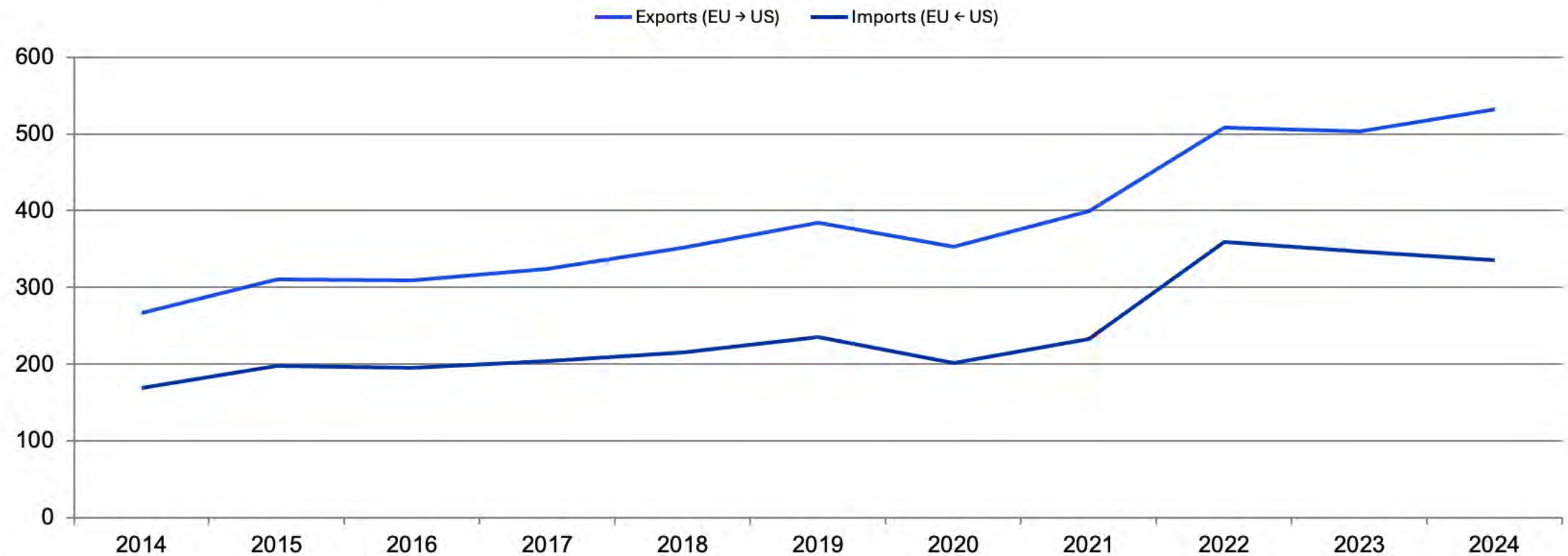
Long-run baseline (before the 2025 tariff floor)

EU–US trade is large and has grown markedly since 2020. The 2025 agreement sets a tariff floor that is high relative to historical MFN levels, so understanding the pre-deal trajectory is essential.

EU exports (2024)	EU imports (2024)	Balance
€532B	€335B	+€197B



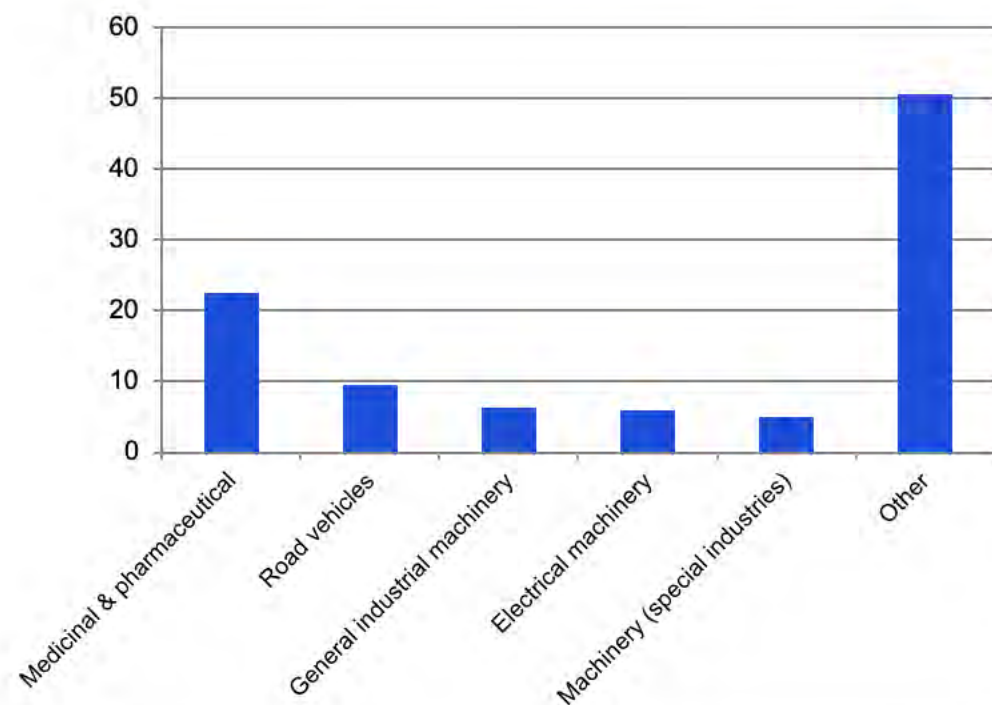
EU goods trade with the US (€, billions)



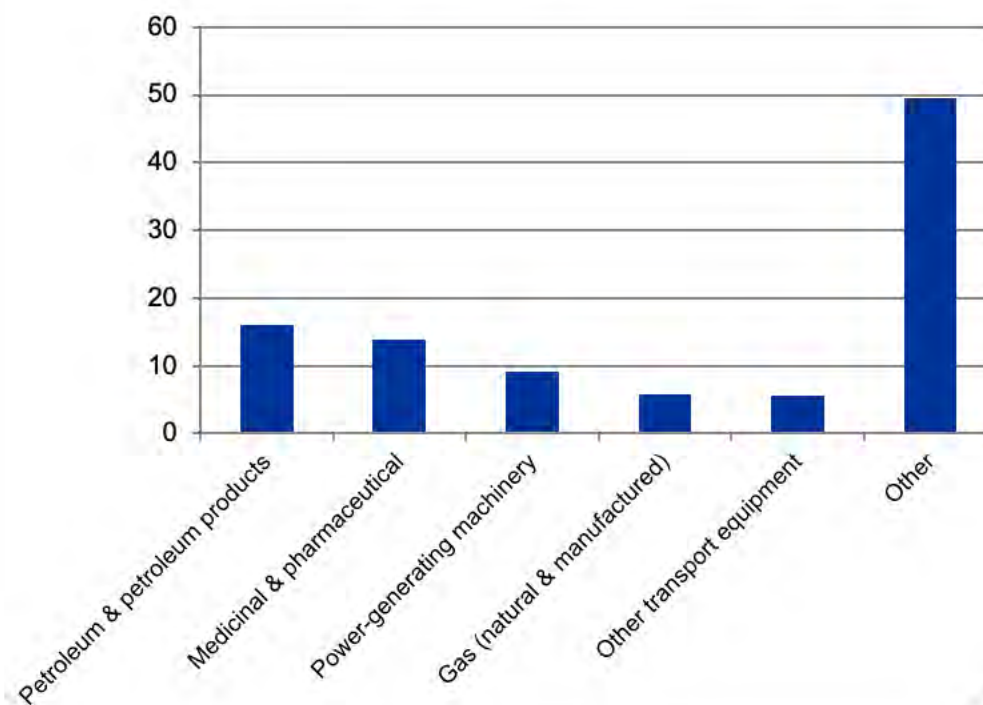
Composition matters under a uniform tariff floor

A broad 15% tariff floor interacts with sectoral elasticities, market structure, and regulatory regimes. Pharmaceuticals, vehicles, and machinery dominate EU exports; energy products dominate EU imports.

EU exports to US: top 5 divisions (share of exports, 2024)

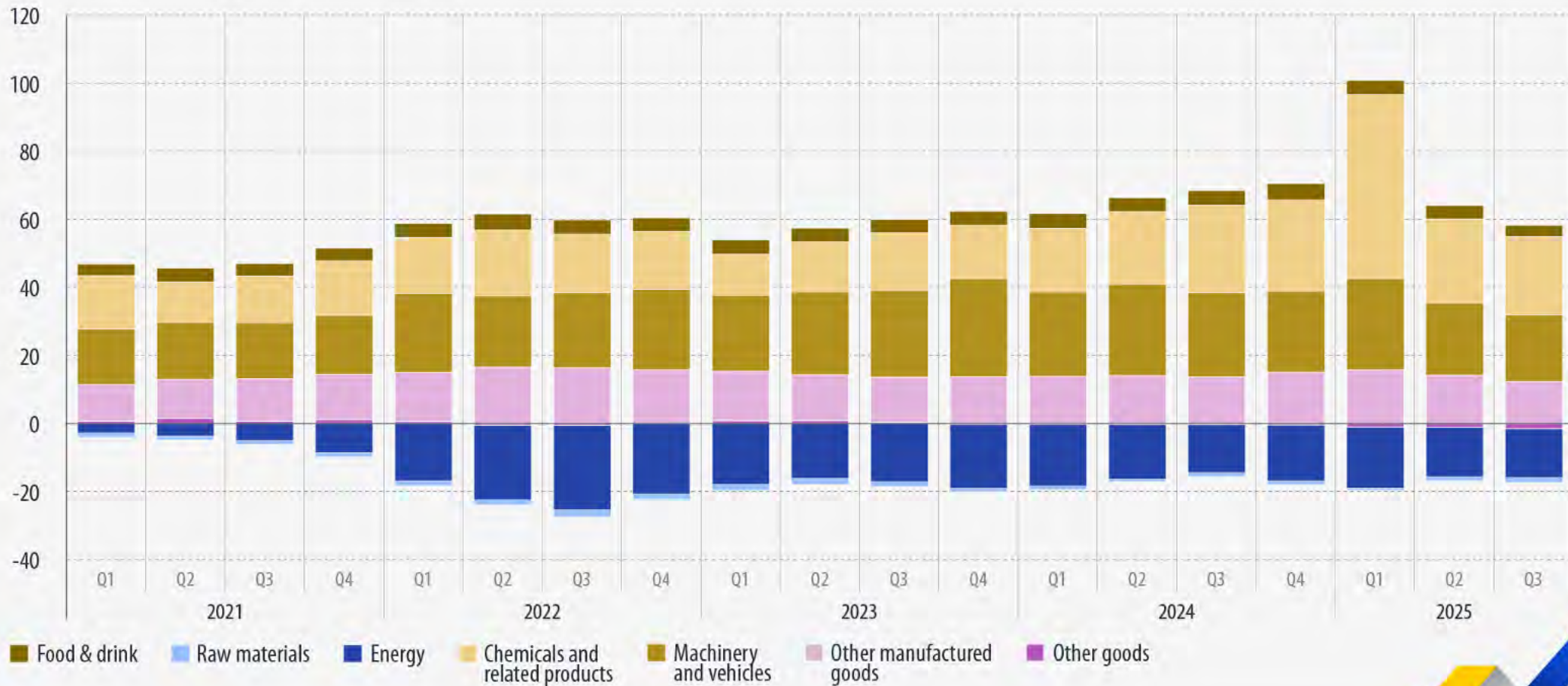


EU imports from US: top 5 divisions (share of imports, 2024)



EU - United States trade balance, Q1 2021 - Q3 2025

(€ billion, by product group, seasonally adjusted data)

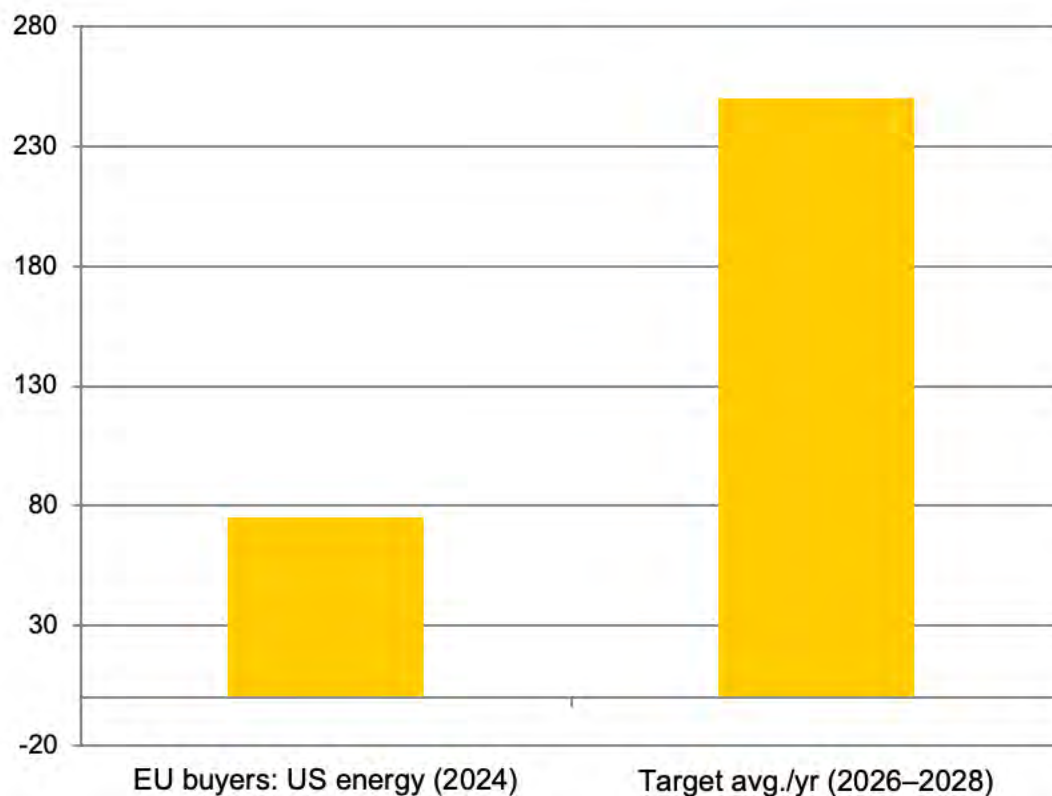


Energy purchases as a bargaining currency

The agreement's energy pillar is large relative to recent transatlantic flows. Implementation hinges on infrastructure, contracting, and EU member-state and private-sector decisions, raising feasibility and additionality questions.



Energy purchases: baseline vs target (US\$ bn)



Implementation constraints (selected)

- **Contracting & pricing:** LNG/oil markets are largely private; governments can facilitate but not fully command volumes.
- **Infrastructure:** regasification, pipelines, shipping, and nuclear fuel supply chains limit ramp-up speed.
- **Regulatory coordination:** methane rules, permitting, and certification can act as binding constraints—hence the agreement's focus on non-tariff barriers.
- **Political economy:** larger US energy share may conflict with EU decarbonisation trajectories unless paired with rapid clean-energy investment.

Scenario map

The agreement is a framework with moving parts. Future outcomes depend on legislative follow-through, sectoral carve-outs, and whether procurement/investment intentions become commercially binding.

Baseline (most likely)

15% floor persists; MFN-only list expands slowly; EU enacts limited tariff cuts + modest regulatory flexibilities; firms adapt through pricing, routing, and selective reshoring.

De-escalation

Expanded MFN-only carve-outs and/or TRQs for metals; deeper standards mutual recognition; energy trade barriers fall; investment flows rise without large trade contraction.

Re-escalation

Implementation disputes, political shocks, or perceived non-compliance trigger renewed unilateral tariffs and EU countermeasures; legal challenges (domestic/WTO) intensify.

Fragmentation spillover

Rules of origin and economic-security alignment widen; third-country producers face higher discrimination; EU-US coordination shifts from WTO forums toward club-like arrangements.

*EU Customs Reform — A
Modern Overhaul of Europe's
Border Trade System*

The EU is undertaking the **most ambitious reform of its Customs Union since 1968**, updating how goods enter and move within the bloc.

Taxation and Customs Union

Drivers include **rapid growth in trade and e-commerce**, technological change, fragmented national systems, and new regulatory standards.

Consilium

The reform aims to **simplify procedures, improve risk management, and strengthen enforcement** of EU rules at external borders.

Consilium

New EU Customs Authority: A central body to coordinate customs activities and risk management across all member states.

EU Customs Data Hub: A single digital platform replacing separate national systems, enabling traders and authorities to share data efficiently.

Trust & Check Trader Regime: Trusted firms benefit from simplified procedures and fewer inspections.

E-commerce focus: Platforms may be treated as *deemed importers* and responsible for duties, VAT, and compliance (e-commerce overload has strained current systems).

End of low-value duty exemption: The €150 duty-free threshold is being removed, meaning **all imports will be taxed** and checked eventually.

Consequences for US Traders

Impact on U.S. Businesses & Transatlantic Trade

Increased transparency & compliance requirements —

U.S. exporters will need robust data submission practices.

E-commerce exports: Platforms selling into the EU may face new customs duties and responsibilities earlier than before.

[Reuters](#)

Supply chain planning: Single data interface could streamline clearances but requires upfront automation and systems integration.

Aligning U.S. export support and guidance with EU digital customs standards could reduce friction.

Coordination on standards and risk profiles may help avoid delays or penalties.

The reform modernizes EU customs for the digital era — and U.S. companies active in the EU should prepare for **new digital processes, data obligations, and potentially higher costs on small parcel exports**

Country	Who collects?	Enforcement style	Business impact
Netherlands	Carriers	Automated, data-driven	Low friction if compliant
France	Platforms / carriers	Strict, policy-driven	Higher compliance risk
Belgium	Carriers	Pragmatic, logistics-led	Predictable costs
Luxembourg	Carriers	Light-touch	Minimal impact



Thank you for your attention and questions!