NEWSLETTER

New US and EU tariffs – what Danish businesses need to know and do

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The US has announced the introduction of a general import tariff of 10% and increased tariffs of up to 54% on selected product groups. The measures will come into effect from April 2025 and have already triggered announced countermeasures from the EU. This development marks not only a new chapter in the transatlantic trade relationship, but also a broader shift in the global trade policy agenda.

For Danish companies, the tariff measures present a number of immediate and strategic challenges. Increased costs and changed access to the US market will necessitate an adjustment of both contract terms and delivery conditions. There will be greater demands on documentation and customs clearance, and in many cases supply and distribution chains will have to be rethought. At the same time, the complexity of ongoing trade with US partners increases, which increases the need for legal and commercial risk management.

In this newsletter, we provide an overview of the specific US tariff measures and their effective dates, the EU response and planned countermeasures. We also discuss the legal and commercial implications for Danish companies and the actions companies should take now to adapt and minimise risk.

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1. Background and political context of US tariff measures

On 2 April 2025, US President Donald Trump announced a set of far-reaching tariff measures as part of what he called a “Declaration of Economic Independence”. The aim, according to the President, is to make the United States economically independent from foreign supplies, production, and competition. The measures were presented as a national emergency and a necessary means to protect US manufacturing, employment, and national security.

In his speech at the White House, President Trump declared:

> *“Today, we are declaring our economic independence. For too long, other nations have taken advantage of our open markets while putting up barriers of their own. Those days are over.”*

He further stated:

> *“We will impose a baseline tariff of 10% on all imports, with higher rates on countries that have engaged in particularly egregious trade practices.”*

The initiative was framed as a turning point for American industry and economic strategy. Trump emphasised:

> *“This action is necessary to protect our industries, our workers, and our national security.”*

The measures include a general 10% tariff on imports from nearly all countries, alongside significantly higher tariffs on goods from certain nations and categories. For example, a total 54% tariff will apply to selected Chinese goods, and rates between 20% and 46% will apply to goods from the EU, Japan, South Korea, and Vietnam. Canada and Mexico are exempt. The measures represent a notable escalation of protectionist trade policy and a direct continuation of tariffs introduced during Trump’s first term.

The new tariffs are scheduled to take effect from 5 April 2025 for the general 10% rate, and from 9 April 2025 for the higher, country-specific tariffs. The proposals have received preliminary backing from a majority in the House of Representatives and are supported by key business and lobbying groups. As such, they are widely expected to take effect as planned.

Legal and political reactions are anticipated from the World Trade Organization (WTO), the EU, China and other major trading partners. Several of Trump’s earlier trade actions were challenged in the WTO, and the EU has already indicated it will introduce countermeasures.

2. Details of the new tariffs

The tariffs announced by Trump include the following key elements:

- A **general tariff of 10%** on virtually all imported goods to the US, regardless of country of origin, with limited exceptions for countries with free trade agreements or close military cooperation with the US – notably Canada and Mexico.

- An **additional tariff of 34% on selected Chinese goods,** on top of an existing 20% tariff, resulting in a total duty of 54% on these products. This measure is explicitly aimed at reducing US dependence on Chinese supply chains and weakening China’s economic power.

- A **20% tariff on goods from the EU, as well as an equivalent tariff on Japanese goods.**

- A **25% tariff on foreign-produced cars**, including those manufactured by European carmakers without production facilities in the US.

These measures are not limited to specific sectors but will, in practice, affect a wide range of industries – including machinery, electronics, furniture, food, medical equipment, consumer goods, packaging, and components for industrial use.

The first measures – including the general 10% tariff – will take effect on 5 April 2025, while the higher, country-specific tariffs will be introduced from 9 April 2025. As of now, no detailed implementation rules or updated tariffs have been published by the United States Trade Representative (USTR), but key players in the US customs, import and logistics sectors have already begun preparing on the assumption that the measures will take effect during April.

According to US sources, there may be provisions for:

- Temporary exemptions for specific products, subject to application (product-specific exclusions),
- Special exceptions for products deemed strategically important (e.g. medical equipment and defence),
- Potential differentiated tariffs based on rules of origin.

The EU and other affected trading partners have already criticised the measures as contrary to core WTO principles, including the most-favoured-nation principle and the requirement of proportionality.

3. Reactions from the EU and Denmark

The European Commission reacted swiftly to President Trump's announcement of new US tariffs. In an official statement on 3 April 2025, Commission President Ursula von der Leyen described the measures as a serious threat to global economic stability. She warned of the wider impact on citizens and emphasised the need for a coordinated European response:

> *"These tariffs will also hurt consumers around the world. It will be felt immediately. Millions of citizens will face higher grocery bills."*

She continued:

> *"The European Union will not stand idly by while our economic interests are threatened. We are prepared to respond with countermeasures in accordance with World Trade Organization rules."*

Von der Leyen further stressed that EU member states stand united in their handling of the situation and underlined the Commission's determination to protect Europe's economic resilience through both short-term measures and longer-term trade strategy.

The European Commission's Directorate-General for Trade (DG TRADE) is already updating a list of US products that could be subject to retaliatory tariffs should the US measures enter into force. The list is expected to target goods that are both economically significant and symbolically important – including bourbon, motorcycles, sports equipment, electronics, food products, and industrial machinery. The Commission is drawing on its experience from the 2018–2019 trade conflict, in which the US imposed tariffs on European steel and aluminium, and the EU responded with targeted countermeasures.

The Commission's approach includes:

- targeting products with symbolic value to maximise political pressure,
- coordinating with the WTO and key trading partners, and
- exploring renewed trade engagement with the US to avoid a full-scale conflict.

Strategically, the Commission is also considering accelerating or strengthening free trade negotiations with third countries – particularly in Latin America and Asia – to secure European market access and reduce dependence on US trade routes.

In Denmark, the government has voiced support for a unified EU approach. Prime Minister Mette Frederiksen has expressed concern over the developments and backed a European line aimed at protecting Danish jobs and EU trade interests more broadly. Danish authorities and business organisations are now engaged in dialogue over possible responses – including trade promotion efforts, financial support schemes, export credit arrangements, and practical risk management tools to address disruptions in trade and supply chains.

The Danish Customs Agency is currently assessing capacity needs in anticipation of a potential increase in tariff-related transactions. Export-oriented Danish businesses – particularly in the food and manufacturing sectors – have already begun activating contingency plans and updating their risk assessments and supply chain scenarios.

4. Implications for Danish businesses

The US tariff measures, which are expected to take effect in April 2025, will have significant and wide-ranging implications for Danish businesses – whether they export directly to the US, import American components, or form part of global value chains involving goods that cross borders multiple times.

4.1 Exports to the United States

For Danish companies exporting goods directly to the US market, the new tariffs may result in:

- Higher end-user prices for American customers, potentially reducing demand and weakening the competitiveness of Danish exporters.
- The need to recalculate prices and revise sales terms, including how tariff costs are shared between seller and buyer, and potential changes to the Incoterms used in trade agreements.
- Increased risk of contract termination or renegotiation, particularly in longer-term agreements that do not contain provisions for dealing with customs-related cost increases.

These challenges are especially relevant to sectors where price sensitivity is high – such as food products, standardised industrial goods, and consumer items – where Danish exports often compete directly with US-made alternatives.

4.2 Imports from the United States and transatlantic components

Danish companies importing components, machinery, software licences or raw materials from the US may face:

- Rising procurement costs due to possible new US export restrictions, modified trading terms, or retaliatory EU tariffs on selected US goods.
- Delivery delays, particularly in cases where increased documentation requirements apply – such as certificates of origin, customs valuation declarations, and advance approvals.
- Dependency on specialised US suppliers that

cannot easily be replaced with European or third-country alternatives.

For businesses operating transatlantic production chains – for example, where Danish semi-finished goods are processed in the US and re-exported – the new tariffs may lead to double taxation and extensive documentation requirements regarding origin and customs status.

4.3 Restructuring global supply chains

Companies with complex international value chains may increasingly need to:

- Map their total exposure to tariffs, including indirect impacts through suppliers and subcontractors in third countries.
- Consider relocating production or sourcing – for instance, moving closer to the US market to avoid tariffs, or to countries with lower trade policy risk.
- Invest in digital customs management solutions, including tools for automating goods classification (HS codes), verifying preferential origin, calculating duties, and ensuring accurate reporting.

Businesses that already have production facilities or subsidiaries in the US may potentially benefit from a competitive advantage if local goods are exempt from tariffs. However, this requires a careful restructuring of group operations, including ownership models, internal pricing (transfer pricing), and delivery terms, to ensure full customs and tax compliance.

5. Supply chains and logistics

The US tariffs taking effect in April 2025 will have both direct and indirect consequences for supply flows and logistics structures. For Danish companies exporting to, importing from, or operating in the United States, the measures raise a number of practical and strategic questions concerning supply security, transport costs and delivery times.

5.1 Disruption and uncertainty in supply chains

The increased tariffs create heightened uncertainty around the availability and cost-efficiency of existing supply routes. This is particularly critical for:

- Just-in-time deliveries, where even small delays at customs can disrupt entire production processes and make it necessary to build up inventory buffers.
- Products with complex supply chains, where goods or components pass through several countries, making them potentially subject to multiple rounds of tariffs or requiring extensive documentation to confirm origin.
- Goods covered by rules of origin, where preferential tariff treatment depends on documented manufacturing locations and the value added in each production step.

Many companies will need to evaluate whether parts of their supply chain should be reorganised to ensure stability, compliance and cost control.

5.2 Increased transport and handling costs

Tariff increases are often accompanied by other costs and practical side effects, including:

- Additional documentation requirements, which demand more resources for customs handling, data collection from suppliers and coordination with freight providers.
- Longer customs clearance times, particularly at borders and customs zones where control procedures are tightened, resulting in delivery delays and disrupted logistics plans.
- Bottlenecks at ports and customs hubs, where higher inspection levels may cause congestion, waiting times and reduced transport capacity.

In response, companies may consider adopting alternative transport modes (e.g. multimodal solutions combining air, sea and road transport) and building safety stocks to compensate for increased transit time uncertainty and customs-related delays.

5.3 Alternatives and risk diversification

To reduce dependence on US logistics routes and lower tariff exposure, businesses may explore:

- Rerouting shipments through or to countries with lower tariff-related risk – for example Canada or Mexico, which are exempt from the current US tariff increases.
- Establishing regional distribution centres in the US that can import large volumes and handle domestic redistribution in a customs-optimised way.
- Incorporating tariff considerations into procurement and logistics contracts, including clear terms on who bears the risk of tariffs and how changes in duties are to be handled.

The need for flexibility and rapid adjustment in transport strategies highlights the importance of involving both legal and commercial advisors when reshaping supply and delivery models.

6. Customs procedures and compliance

The new US tariffs bring not only financial and logistical consequences but also increased demands on businesses' customs handling and documentation. Errors or omissions in customs compliance may result in significant financial and legal risks – including back-payment of duties, fines, delays, or even loss of market access.

6.1 Increased requirements for customs documentation

Businesses exporting to or importing from the United States should prepare for:

- Accurate classification of goods under the US Harmonized Tariff Schedule (HTSUS).
- Reliable proof of origin, particularly where the applicable tariff rate depends on the country of origin (e.g. certificates of origin and supplier declarations).
- Proper use of commercial terms, including Incoterms and contract clauses covering the allocation of customs duties and risks.

Mistakes in customs declarations or lack of origin documentation may lead to:

- Reassessment and back-payment of duties and charges.
- Fines or administrative sanctions.
- Delays, seizure of goods, or – in serious cases – exclusion from the US market.

6.2 Compliance programmes and internal control

Companies are advised to strengthen their internal procedures for customs and trade compliance. This may include:

- Establishing or updating internal customs procedures, possibly as part of a broader export control programme.
- Appointing responsible staff to oversee daily compliance, handle customs documentation and liaise with authorities and logistics partners.
- Developing clear internal guidelines for classification, documentation, and escalation in cases of doubt.

Larger exporters to the US or companies with a US presence may consider:

- Applying for Authorised Economic Operator (AEO) status, or
- Using simplified procedures through licensed customs brokers.

Both approaches can offer benefits such as faster clearance, reduced inspections, and improved predictability.

6.3 Digital solutions and external advisory support

Effective customs handling increasingly depends on digital systems and automated tools, including:

- Integrated ERP systems that support goods classification, origin calculation, and document generation.
- Specialised customs software that enables automated classification, risk analysis, and data exchange with authorities and trade partners.
- Cooperation with external advisors, including customs law specialists and logistics experts with practical experience in cross-border trade.

A structured and well-documented approach to customs compliance is essential to avoid costly mistakes and ensure stable export operations in today's increasingly complex trade environment.

7. Strategic and contractual considerations

The US tariffs taking effect in April 2025 require Danish businesses to take active and well-considered steps to adapt to a new trading environment. This applies to both internal business structures and contractual relationships with suppliers, customers, logistics providers and other commercial partners.

7.1 Renegotiating and adjusting contracts

The shift in customs conditions may necessitate amendments or renegotiation of existing contracts, including:

- Allocation of tariff-related costs, clarifying who bears the financial burden of increased duties and related import expenses.
- Price adjustment clauses, allowing contract prices to be updated in the event of changes in tariffs or trade terms.
- Force majeure or hardship clauses, providing relief where new duties significantly affect the feasibility or cost of performance.
- Country-of-origin provisions, where the applicable tariff depends on documented origin.

In long-term contracts, businesses should consider adding renegotiation clauses (reopeners) that allow renegotiation in response to material changes in customs duties or regulatory frameworks.

7.2 Restructuring corporate structure and supply flows

Companies operating in both the EU and the US should assess whether their current business structures and supply routes can be adapted to mitigate tariff exposure and improve operational efficiency. Strategic options may include:

- Relocating production closer to end markets, such as moving manufacturing to the US to benefit from local goods exemptions.
- Restructuring import and distribution models, including the establishment of subsidiaries in countries with trade agreements or lower tariff risk.
- Planning and managing origin, to ensure that exports qualify for preferential treatment or fall outside the scope of new tariffs.

Any structural changes should, however, be evaluated in light of tax implications, regulatory requirements and overall business coherence.

7.3 Risk assessment and contract review

It is recommended that Danish companies carry out a thorough review of their contractual exposure to trade risks, including:

- Assessment of existing and new agreements, with a focus on exposure to tariffs and non-tariff barriers.
- Inclusion of warranties and liability clauses, particularly where suppliers are responsible for providing correct origin documentation and classification.
- Updating standard terms and delivery conditions, including Incoterms, customs responsibility, and dispute resolution mechanisms.

For businesses with significant trade volumes with the US, it may be relevant to develop a dedicated contract strategy to manage risk under conditions of trade tension and regulatory uncertainty.

8. Economic and business consequences

The overall economic impact of the US tariffs will depend on their scope, duration, and the response from trading partners such as the EU. Nevertheless, Danish companies should already consider a range of likely effects on their operations and financial performance.

8.1 Higher costs and reduced earnings

Many companies are likely to experience:

- Increased costs for exports and imports, particularly where tariffs affect key products in their supply or production chains.
- Pressure on margins and profitability, if higher costs cannot be passed on to customers.
- Exchange rate volatility and uncertainty, as tariff announcements tend to cause turbulence in currency markets.

These effects may be particularly challenging for small and medium-sized enterprises (SMEs), which often have less financial flexibility and limited options for rapidly adjusting supply chains or production setups.

8.2 Market access and competitiveness

Danish exporters risk losing market share in the US to:

- American companies, which are not subject to import duties and may therefore offer lower prices and faster delivery.
- Businesses from third countries with access to the US market under free trade agreements or not affected by the new tariffs – for example, Canadian or Mexican firms.

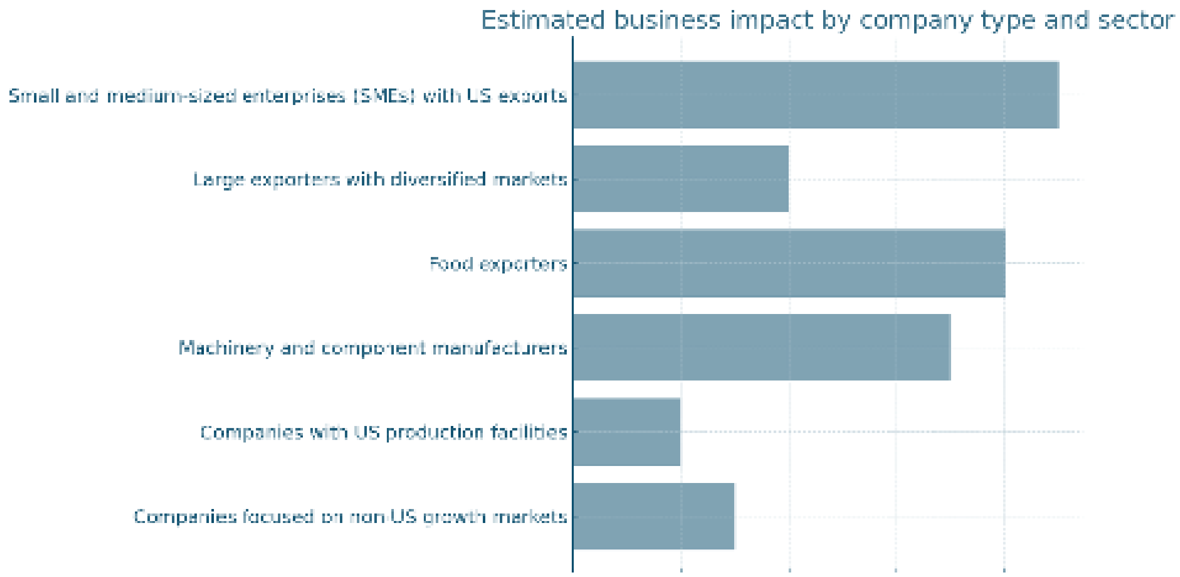
In addition, buyer preferences in the US may shift. Danish suppliers may be deprioritised due to tariff levels, administrative burdens, or perceived risk of customs delays – even if their products remain competitively priced.

8.3 Increased focus on alternative export markets and investment strategies

Tariff-related trade barriers and growing uncertainty about access to the US market may cause Danish companies to:

- Refocus their export strategies on emerging markets – for example in Latin America, Asia or Africa – where demand is rising and market access may be more favourable.
- Redirect investments away from the US, and instead establish operations in countries with lower political risk of sudden trade restrictions.
- Reinforce their position within the EU single market, which continues to offer predictability, stable access and harmonised rules.

That said, for companies with strategically important customers in the US, it may still be necessary to maintain or expand their presence in the American market – often through local production, commercial partnerships, or joint ventures that are not subject to import tariffs.



As illustrated in the figure, the expected consequences of the US tariffs are not uniform across sectors and company types. **Small and medium-sized enterprises (SMEs)** with exports to the United States are assessed to be among the most severely affected. In addition to often having limited financial capacity to absorb rising tariff costs or quickly restructure production and logistics systems, they also tend to lack the resources and expertise to manage complex and rapidly changing regulatory demands. Many SMEs are vulnerable to new tariff obligations, documentation and origin requirements, and changes in import conditions that may demand specialised knowledge and day-to-day follow-up.

From a sectoral perspective, the figure highlights that both **food exporters** and the **machinery and component industries** are among the sectors likely to face significant impact. This is due to high price sensitivity among US customers as well as the complexity of production and supply chains. In these sectors too, the ability to manage regulatory obligations, product classification, certificates and documentation is essential to maintain exports and ensure operational continuity.

By contrast, companies that already have **production facilities in the United States** are expected to be better positioned to avoid tariffs and maintain market access. Similarly, **businesses with a strategic focus on growth markets outside the US** – including in Latin America, Asia and Africa – are expected to be less directly affected by the tariffs and the anticipated EU–US trade conflict.

Across all company types and sectors, the current developments in trade policy underscore that businesses are facing increasingly frequent and far-reaching changes in external operating conditions. **Tariffs, documentation requirements, control measures and market access are now increasingly shaped by political volatility and unilateral national actions.** This puts substantial demands on companies' ability to monitor changes, assess their implications, and respond quickly and effectively – legally, organisationally and commercially.

9. Recommendations for Danish businesses

The adopted US tariffs – and the expected escalation through countermeasures from the EU and other major economies – make it essential for Danish businesses to act in a timely, structured and forward-looking manner. The following recommendations can serve as a starting point for internal assessment and strategic planning.

9.1 Map customs exposure and vulnerability

Companies should conduct a systematic analysis of their exposure to tariffs, including:

- Which goods are exported to or imported from the US and potentially affected countries.
- Applicable tariff rates depending on product type and origin.
- Which parts of the supply chain – including subcontractors, logistics partners and production sites – are directly or indirectly impacted.

This mapping should feed into financial planning, procurement strategy and risk management processes.

9.2 Strengthen internal customs and trade compliance processes

It is recommended to:

- Appoint responsible staff with the competence and authority to handle customs matters and ensure proper documentation.
- Update procedures and workflows for product classification, origin documentation, and accurate customs handling.

- Establish control checkpoints in business systems and contracts, so that risks can be identified and addressed early.

Businesses with larger export volumes should consider creating a dedicated compliance function or strengthening cooperation with external advisors.

9.3 Review and adjust contracts and trading terms

It is essential to review key contracts with particular attention to:

- Price and risk allocation in the event of tariff changes.
- Incoterms and delivery conditions, including responsibility for customs duties and risk transfer.
- Force majeure and regulatory clauses, which may allow for adjustments or renegotiation in the event of major trade-related changes.

Long-term contracts should include mechanisms for periodic review or renegotiation in case of significant changes in the external trade framework.

9.4 Consider structural and business adjustments

Depending on their business model and market exposure, companies should evaluate:

- Whether supplier and customer structures can be reorganised to reduce dependence on the US.
- Whether production should be relocated closer to the US market if it remains a strategic priority.
- Whether safety stocks or alternative logistics routes should be established.
- Whether there is a case for increasing focus on markets not affected by new trade barriers, for example in Asia, Latin America or Africa.

Major changes should be assessed in terms of commercial logic, legal and regulatory requirements, and tax implications.

9.5 Monitor developments closely and seek qualified advice

As trade conditions can change rapidly, companies are advised to:

- Continuously monitor developments in US and EU trade policy.
- Stay informed through relevant news sources, industry networks and trade associations.
- Involve legal and customs specialists, especially when preparing adaptation plans, negotiating contract amendments or making strategic decisions.

Early action and timely advice can be crucial to avoid costly mistakes and maintain competitiveness in a shifting global trade environment.

10. A shifting trade landscape – the need for adaptation and strategic overview

The US tariff measures now adopted and entering into force are not merely isolated trade policy decisions – they form part of a broader and more lasting shift in the global trading environment. Whereas international trade for decades has been shaped by liberalisation and mutual openness, the world is now moving towards a trade landscape increasingly driven by political, security-related and strategic considerations.

For Danish businesses, this means that decisions about exports, imports, production location and supplier choice will increasingly depend on customs duties, regulatory barriers, trade agreements and rapidly changing risk profiles. Access to the US market – still one of Denmark's largest export destinations – is becoming more complex and costly for many companies, and similar developments with other trading partners cannot be ruled out.

In this new environment, it is essential that businesses:

- Act early and systematically, with clear analysis, prioritisation and planning.
- Update contracts, structures and commercial models in response to changing tariff and trade conditions.
- Integrate legal, logistical and commercial considerations across departments and decision-making processes.
- Build internal capacity to respond quickly to shifts in regulations and market access – particularly important for small and medium-sized enterprises with limited internal resources.

Those companies that proactively monitor developments, involve relevant advisors and invest in adaptation and documentation will be best positioned not only to manage the challenges of global trade disruption – but also to seize opportunities arising as supply chains are restructured, new partners are sought and trade patterns evolve.

Trade policy has become a fundamental business condition – one that requires leadership attention on par with price, quality and delivery reliability. A company's ability to respond swiftly, document accurately and adjust its relationships may prove decisive for maintaining access to key markets and securing its position in future global value chains.

For more information

You are more than welcome to contact us if you have any questions or would like to discuss any matter in relation to this newsletter.

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