US Election: Can businesses trade tomorrow on today's policies?

November 2024

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The better the answer.
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During the 2024 US Presidential campaign, President-elect Trump proposed an America-first trade policy, including an expansive tariff agenda.

In preparation for the new Republican administration, businesses should understand their potential exposure and consider certain short-term actions to mitigate the impact of the President-elect's tariff agenda. This will lay a foundation to respond to likely retaliatory actions from the US's' trading partners.

Likely scope and severity of tariff increases

Throughout the campaign, Trump committed to implementing a universal minimum tariff rate of 10 to 20 percent on all imports, and a separate tariff of over 60 percent on all Chinese-originated imports. Those rates would be applied to the value of the goods when crossing the border.

Potential 'company-specific' tariffs of over 200 percent would enable Trump to target American and international manufacturers who intend to maintain production capacity outside of the US yet maintain a domestic US market strategy. These new tariffs could apply on top of existing measures, including those already in place under Section 232 of the Trade Expansion Act 1962, Sections 201 and 301 of the Trade Act 1974, including the use of new measures such as Section 338 of the Tariff Act 1930 and the International Emergency Economic Powers Act (IEEPA).

Risk of retaliation

Under the first Trump Presidency 2016-20, when similar tariff measures were introduced, many of the US' trading partners introduced their own tariffs in retaliation across a broad range of products impacting motorcycles to bourbon exports from the US.

Identifying your tariff exposure

Given the scale of the proposed measures, businesses with direct and indirect US trade links need to understand the potential impacts and, where material, commence short-term mitigating actions in parallel to developing their longer-term trade strategy.

Our team

As the international trade environment becomes increasingly complex to navigate, businesses with a dynamic trade strategy have competitive advantage. From assessing trade barriers to prioritising access to new markets and stakeholder engagement, our Global Trade team can help you meet the challenge.

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How EY can support you to mitigate the operational impacts of new tariffs implemented by the United States of America from January 2025.

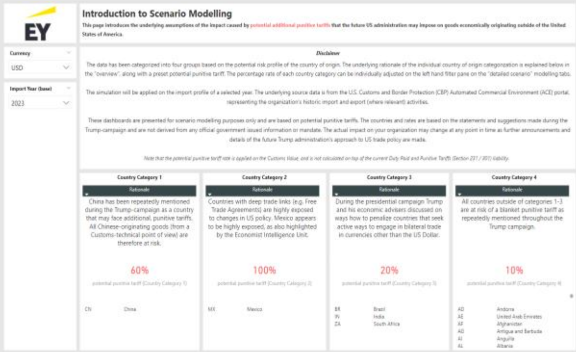
Stage 1 – Define current state & model future scenarios

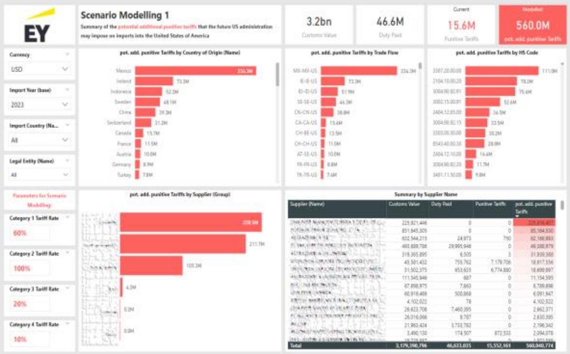
EY's Global Trade Analytics Platform

- Use easy-to-access data to rapidly **model the current state cost implications** of Trump's tariff agenda.
- **Pinpoint the bottom-line cost burden of future exports to the US**, and scenario **model the impact of new tariff scenarios.**

Enhance your abilities to…

- Expedite shipments and reallocate inventory to avoid short-term tariff exposure.
- Identify cost exposure on customs duties and taxes.
- Identify opportunities to streamline trade flows.





Stage 2 – Commence short-term mitigation

EY Global Trade Specialists

- Assess origin calculations and valuation procedures for customs purposes to ensure the correct classification and **origin** of US-imported goods.
- Support your use of customs procedures to enhance trade effectiveness.

Enhance your abilities to…

- Adjust pricing strategies to reflect tariff costs.
- Ensure correct duties are assessed and paid.
- Utilisation of specific customs procedures as appropriate including the first-sale rule, drawback, and duty deferral to minimise customs duties and taxes for exported goods.

Stage 3 – Evaluate long-term strategies

EY Trade Policy and Transfer Pricing

- **Review valuation methodologies, transfer pricing and source of supply** of goods and services with **US operations.**
- **Re-design supply chains and sourcing locations** to align to a 'new normal' of US trade and tax policy – **ensuring regulatory and tax compliance.**

Enhance your abilities to…

- Enhance profitability with market-aligned intercompany transactions.
- Get clarity on direct tax consequences of US trade and tax policy changes.
- Locate operations to countries with favourable US trade terms.

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Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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ED 1124/EYSCORE 010130-24-UK

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