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US Trade Tariffs: key changes & initial considerations for Northern Ireland

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This Briefing Paper sets out a timeline of key changes (actual and currently proposed) to American trade tariff policy; and highlights potential impacts arising for Northern Ireland, including government and business, if such changes are implemented.

Introduction

This Briefing Paper, commissioned by the Committee for Agriculture, Environment and Rural Affairs (the Committee), aims to inform the Committee's ongoing consideration of key changes – actual and currently proposed - to United States (US) trade tariff policy since January 2025, from the perspective of Northern Ireland – its government and business sectors. After providing context-setting information, the Paper draws on both His Majesty's Revenue and Customs (HMRC) data and Department for the Economy research, to initially consider potential impacts of such changes if implemented – in particular, impacts on Northern Ireland business sectors.

The Paper is structured as follows:

1. Timeline of key trade tariff changes – actual and proposed
2. Northern Ireland sectoral exposure to US market – key items of note
3. Department for Economy's view on new US tariff regime and the local economy
4. Key takeaways

1 Timeline of tariff changes

Since his inauguration on 20 January 2025, President Trump has introduced a wide-range of tariffs on goods imported into the United States of America (US). This has led to reaction across the globe, with some actors threatening retaliation, for example the European Union (EU), while others engaging in retaliation, such as China. And a number of others having opened trade talks with the US, for example the United Kingdom (UK).

Table 1, below, provides a summary timeline since the President's 20 January 2025 announcement to highlight key tariff related developments impacting Northern Ireland – namely, events that relate to tariffs being applied to either the UK or the EU, and reactions to such tariffs by those jurisdictions. A fuller timeline, including aspects of the US's broader trade policy, is available from a non-partisan research organisation, called the Peterson Institute for

International Economics. (Use the link for any further developments arising after the publication date of this Briefing Paper.)

Table 1: US Trade Tariff timeline – January to June 2025

Date	Event
20 January 2025	The White House released a Memorandum outlining trade priorities for the US Administration.
10 February 2025	The White House announced a 25% import tariff on steel and a second 25% tariff on aluminium imports.
13 February 2025	The White House released a Memorandum, Fact Sheet and Statement outlining details of its intended reciprocal tariffs policy. The Memorandum set out the President's intention to introduce a "Fair and Reciprocal Plan" to "counter non-reciprocal trading arrangements with trading partners".
12 March 2025	25% tariffs on steel and aluminium announced on 10 February go into effect.
12 March 2025	The European Commission announced retaliation for aluminium and steel tariffs. The response is two-fold: the reintroduction of "rebalancing" tariff packages (previously used between 2018 and 2020) from 1 April 2025; and, additional counter measures on approximately €18 billion of US goods.
26 March 2025	The White House announced a 25% tariff on imports of automobiles and automobile parts.

Date	Event
2 April 2025	The White House issues an Executive Order declaring a national emergency and invoking the International Emergency Economic Powers Act, to impose a baseline 10 percent tariff, starting April 5, 2025, on virtually all countries and then additional “reciprocal” tariffs starting April 9, 2025 on countries that contribute to large, persistent US trade deficits. This placed a 10% on United Kingdom goods and a 20% tariff on goods from the EU.
3 April 2025	The 25% tariffs on automobiles goes into effect. However, the 25% tariff on automobile parts is delayed to a future date, not later than 3 May 2025.
9 April 2025	Country-specific tariffs announced on 2 April 2025 come into effect.
9 April 2025	The EU Member States agreed to retaliatory tariffs on the US in response to the US steel and aluminium tariffs. The retaliatory tariffs are estimated to be valued at €22 billion. Some are scheduled to take effect on 12 March 2025, with others coming into force on 15 May 2025, and others still coming into force in the Autumn of the same year.
9 April 2025	The country specific tariffs announced on 9 April 2025 are paused for 90-days. The 10% tariff on all countries remains in effect.
10 April 2025	The pause announced on 9 April 2025 comes into effect. The EU pauses its countermeasures for 90 days.
11 April 2025	The White House issued a Presidential Memorandum, excluding certain products, including smart phones, from the tariffs announced on 2 April 2025 and modified on 9 April.

Date	Event
8 May 2025	The US and the UK announced a Economic Prosperity Deal (EPD). The documents released by both countries at this time set out the areas of negotiation, but were not legally binding. The EPD included potential agreement on: the UK removing tariffs on US beef (within a quota limits); the US reducing automotive tariffs on UK products from 25%, to 10% up to 100,000 cars; and, the removal of the 25% tariff on UK steel and aluminium products.
28 May 2025	The Court of International Trade finds that tariffs imposed under the International Emergency Economic Powers Act ,including those imposed globally (on 2 April 2025), were beyond the authority of that Act. And the Court orders the removal of such tariffs. That decision is appealed; and the US Federal Appeals Court temporarily stayed the order to remove the tariffs.
3 June 2025	The White House issued a Proclamation and Fact Sheet to increase steel, aluminium and derivate product tariffs to 50%. Tariffs on such product from the UK remain at 25%, with the potential for further changes, depending on the status of US-United Kingdom Economic Prosperity Deal announced 8 May 2025.
4 June 2025	Higher steel and aluminium tariffs announced on 3 June 2025 come into effect.
16 June 2025	The US Department of Commerce announced that steel tariffs would be extended to “derivative” products, including refrigerators, freezer, dishwashers etc; effective from 23 June 2025.

Date	Event
17 June 2025	The UK and US sign-off on the EPD at the Group of 7 summit in Canada. The Deal includes the removal of tariffs on the UK's aerospace sector and the lowering of US automobiles tariffs to 10% on UK cars. The US tariff imposed on UK steel and aluminium remains at 25%, with further negotiations planned to lower this 0%. The EPD also included reciprocal duty free access to 13,000 metric tonnes beef for both US and UK farmers (prior to this US beef was subject to a 20% within a quota of 1,000 metric tonnes).

Source: RaISe (2025), relying on Peterson Institute for International Economics (2025) and various online sources

2 Northern Ireland sectoral exposure to US market

The timeline outlined in section 1, above, paints a fluid and evolving picture of US tariff policy and the reactions to it. US trade policy interacts with Northern Ireland businesses which trade with the US. Businesses which export to the US, or supply to those which do, may be impacted by the US Government imposing tariffs on their products.

Those which import from the US may also be impacted. The extent of that impact is complicated somewhat by The Windsor Framework, under which importers can pay either the UK import tariff, or the EU import tariff, depending on the final destination of a good. As such, businesses importing into Northern Ireland from the US will be impacted by the reactions of both the UK Government and the EU.

The following subsections rely on data from the HMRC to identify sectors that could be impacted by the US tariffs and the reaction to same.

2.1 Northern Ireland exports by sector – US market share

Below draws on HMRC data to identify the sectors with exports most exposed to the US market.

To establish the sectors that could be affected by the tariffs imposed by the US on Northern Ireland exports, Figure 1, below, shows the proportion of total exports sold to the US across a range of industrial sectors in 2024. It does so relying on HMRC data as follows:

1. Establishes the market share of ten sectors defined as "Standard International Trade Classification Level 1" (SITC1).
2. Compares the above market shares to an aggregated "Agri-Food" sector, which reflects the combined number of SITC Level 2 subsectors - namely:
    - SITC Level 2 sectors identified by the Whitehall Department for Environment and Rural Affairs (DEFRA) to measure the performance of what it refers to as the "Food, Feed and Drink" sector;
    - Plus exports from the "Machinery specialised for particular industries" subsector – those are:
        - Exports of agricultural machinery and tractors; and,
        - Other types of machinery that may not be used in agriculture, such as "printing and book binding machinery".
    - Note Appendix 2 provides a full list of goods found within the Machinery specialised for particular industries subsector.[1] For that reason, the aggregated "Agri-Food" sector must be treated as indicative, not precise. Moreover, Appendix 1 of this Paper provides a full list of SITC2 sectors.

Figure 1, below, reveals the three SITC 1 sectors that exported the largest proportion of total exports to the US in 2024 were:

- Chemicals and related products - 32.49% of total exports

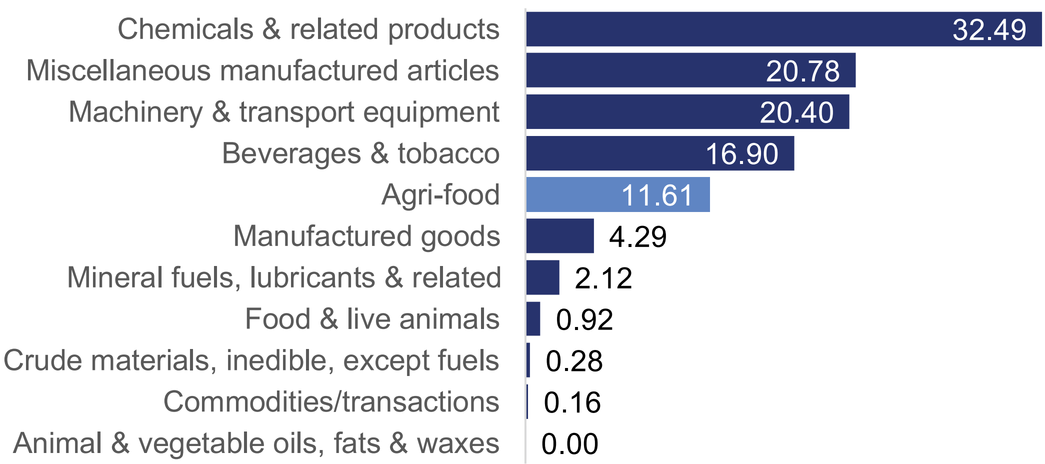
[1] The source data does not allow for a disaggregation into the subsector's component parts – SITC2 is the lowest level of disaggregation available.

- Miscellaneous manufactured articles - 20.78%
- Machinery and transport equipment - 20.56%

By comparison, the combined Agri-Food grouping export 11.61% of total exports to the US. That made it the fifth largest exporter to the region in 2024 by proportion of total exports.

As noted above, the Machinery and transport equipment sector contains the Machinery specialised for particular industries subsector. And that subsector in turn includes agricultural machinery and tractors, amongst other things. In 2024, 31.9% of total exports in the Machinery specialised for particular industries subsector were sold to the US. Moreover, of the all the subsectors in the Machinery and transport sector, the Machinery specialised for particular industries subsector ranked second largest proportion of imports from the US.

Figure 1: Proportion of exports sold to the US by SITC Level 1 sectors and "agri-food" grouping in 2024



Source: HMRC Regional Trade Statistics (2025) - downloaded June 2025

2.2 Northern Ireland imports by sector – US market share

As noted in the introduction to section 2, the impact on imports is complicated by The Windsor Framework (WF). Agreed between the UK and the EU on 27 February 2023, the WF introduced new trading arrangements for Northern Ireland, including red and green lanes for goods moving into the jurisdiction.

Goods deemed “not at risk” of entering the EU move into Northern Ireland through the green lane and are subject to simplified procedures. Goods deemed “at risk” of entering the EU move into Northern Ireland through the red lane and are subject to more rigorous checks.

Goods entering Northern Ireland from outside the EU and UK are referred to as “third country goods”. Third country goods deemed “at risk” are subject to the applicable EU rate of duty. Third country deemed “not at risk" goods are subject to the applicable United Kingdom rate of duty.[2] Third country goods are automatically considered at risk when:

> *…the applicable EU rate of duty is more than the applicable United Kingdom duty and the difference is equal to or more than 3 percentage points.*[3]

Importers in Northern Ireland can claim preferential tariff rates under EU free trade agreements, if:

- The goods are deemed “at risk”; and
- The goods meet the relevant rules of origin set out in the EU agreement. and appropriate evidence is provided.[4]

Importers in Northern Ireland can claim preferential tariff rates under UK free trade agreements if:

- The goods are deemed not “at risk”; and,
- The goods meet the relevant rules of origin set out in the United Kingdom agreement and appropriate evidence is provided.[5]

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[2] How to make sure the correct duty is applied to goods you bring into Northern Ireland from countries outside of the EU and UK - GOV.UK
[3] How to make sure the correct duty is applied to goods you bring into Northern Ireland from countries outside of the EU and UK - GOV.UK
[4] How to make sure the correct duty is applied to goods you bring into Northern Ireland from countries outside of the EU and UK - GOV.UK
[5] How to make sure the correct duty is applied to goods you bring into Northern Ireland from countries outside of the EU and UK - GOV.UK

Potential scrutiny points:

1. Has the DfE carried out, or does it plan to carry out, any analysis of the proportion and/or value of third country goods entering Northern Ireland through the red and greens lanes respectively?

2. Has the DAERA carried out, or does it plan to carry out, any analysis of the proportion and/or value of third country goods entering Northern Ireland through the red and greens lanes respectively?

The above remains the same in the context of the US trade tariffs. As noted in Table 1, above, the reactions of the UK and the EU to those tariffs has been different. The UK has moved to agree a deal with the US, with negotiations continuing. The EU initially announced retaliatory tariffs on the US, before pausing them after the US 90 country-specific tariff pause. Negotiations between the EU and the US on a potential trade deal are ongoing at the time of writing this Paper.[6]

From the above, it is possible to conclude two points:

1. Businesses in Northern Ireland that import from the US could pay the UK duty or the EU duty on those imports, depending on whether the goods are deemed “not at risk” or “at risk” under the WF.
2. Negotiations continue between the US and the UK, and the US and the EU, seeking to agree separate trade deals. Those negotiations will affect the rates of duty Northern Ireland businesses importing from the US will pay. As such, it is uncertain at the time of writing as to what the final agreed rates will be.

Nonetheless, existing HMRC data enables RaISe to determine sectors that may be impacted, by looking at the proportion of goods they import from the US.

[6] EU denies it will yield to Trump’s 10 percent base tariff – POLITICO

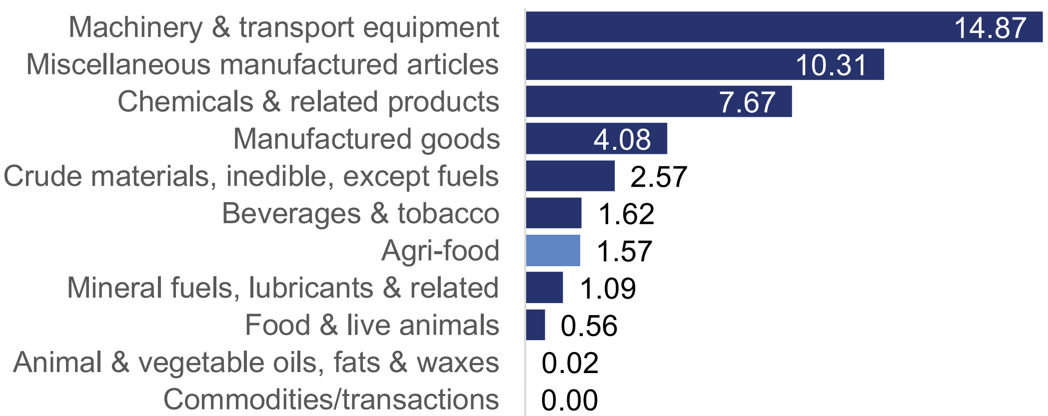
Figure 2, below, uses HMRC data to show the Northern Ireland sectors with the largest share of imports from the US in 2024. The Figure shows the market share of ten sectors, defined as SITC1 (Standard International Trade Classification Level 1). It also compares that data to a combined “Agri-food” grouping. That grouping includes the same subsectors as outlined sub-section 2.1.1 above.

Figure 2, below, also shows that the three sectors with the largest import share from the US in 2024 were:

- Machinery and transport equipment - 14.87% of total sectoral imports
- Miscellaneous manufactured products - 10.31%
- Chemicals and related products - 7.67%

By comparison, 1.57% of imports in the combined “Agri-food” sector came from the US. As noted above, the Machinery and transport equipment sector contains the Machinery specialised for particular industries subsector. That subsector in turn includes agricultural machinery and tractors, amongst other things. In 2024, 7.1% of total imports in the Machinery specialised for particular industries subsector came from the US. Moreover, of the all the subsectors in the Machinery and transport sector, the Machinery specialised for particular industries subsector ranked third smallest for proportion of imports from the US.

Figure 2: Proportion of imports sourced from the US by SITC Level 1 sectors and “agri-food” grouping in 2024



Source: HMRC Regional Trade Statistics (2025) - downloaded June 2025

In addition to the above analysis, it is worth nothing that the EPD deal signed between the UK and the US opens up UK markets to US beef producers. This is limited to reciprocal access to 13,000 metric tonnes beef for both US and UK farmers. It is unclear at this point as to what impact that change will have on local producers and retailers.

Potential scrutiny point:

3. Has the DAERA carried out, or does it plan to carry out, any analysis on the impact of changes to US-UU beef tariffs on local producers and retailers?

3 Department for the Economy's view on the new US tariff regime and the local economy

The DfE published the research paper entitled "The Direct Impact of the New USA Tariff Regime on the Local Economy", on 6 June 2025. The research paper investigated "the macroeconomic implications" of US tariffs on Northern Ireland; while noting the following caveat:

> *It is important to note that the analysis produced by the model does not represent a forecast. Rather the results represent the deviation from a baseline arising from a shock to the existing economic status quo.*[7]

The paper's central conclusion was as follows:

> *It is evident that these tariffs will adversely affect local businesses and represents a significant headwind for businesses when trying to grow exports over the longer term.*[8]

At a more detailed level, the DfE paper examined four scenarios to account for "uncertainties" around the future tariff treatment of pharmaceuticals and aerospace products - namely:

[7] The Direct Economic Impact of the New USA Tariff Regime on the Local Economy
[8] The Direct Economic Impact of the New USA Tariff Regime on the Local Economy

- Baseline Scenario – 10% tariff on all goods (excluding pharmaceutical products)
- Scenario 2 – 10% tariff on all goods (including pharmaceutical products)
- Scenario 3 – 10% tariff on all goods with 20% on pharmaceutical products
- Scenario 4 – 10% tariff on all goods with aerospace at 0% (as noted in Table 1, the EPD signed between the US and United Kingdom will remove tariffs on aerospace products from the US)[9]

DfE's headline results are included in Table 2, below. It is noteworthy that all scenarios undertaken by DfE were found to have negative impact on Northern Ireland's Gross Domestic Product (GDP), employment, trade, investment and wages. Conversely, all such scenarios were found to have a positive impact on sales to the rest of the UK.

Table 2: The Direct Impact of the New USA Tariff Regime on the Local Economy – DfE headline results by scenario

Measure	Baseline Scenario	Scenario 2	Scenario 3	Scenario 4
GDP	-0.15%	-0.17%	-0.19%	-0.15%
Employment	-0.09%	-0.11%	-0.12%	-0.09%
Imports	-0.48%	-0.54%	-0.59%	-0.47%
Exports	-0.57%	-0.65%	-0.72%	-0.57%
Investment	-0.15%	-0.17%	-0.19%	-0.15%

[9] The Direct Economic Impact of the New USA Tariff Regime on the Local Economy

Measure	Baseline Scenario	Scenario 2	Scenario 3	Scenario 4
Gross Wages	-0.37%	-0.42%	-0.46%	-0.37%
Exports to rest of United Kingdom	0.27%	0.23%	0.26%	0.21%

Source: DfE (2025)

At a sectoral level, the DfE research found:

- In the **Baseline Scenario:** the Machinery sector was likely to see the largest reduction in output (-2.24%). Other sectors likely to see significant reductions in output were the Electronics and electrical equipment sector (-1.39%) and the Other manufacturing sector (-0.79%).
- In **Scenario 2**: the Pharmaceutical sector was likely to see a 2.41% reduction in output. Other sectors were found to be impacted in a similar way to the Baseline Scenario. The Machinery sector was estimated to experience a 2.2% decrease in output; while the Other manufacturing sector was predicted to see a 0.8% decrease.
- In **Scenario 3**: the Pharmaceutical sector was likely to see a larger 4.77% reduction in output.
- In **Scenario 4**: it sought to estimate the impact of the US-UK EPD, assuming aerospace products would be tariff free; while other goods would be subject to 10%. Based on this, the Machinery sector performed better than in Scenario 2, as 1.8% decrease in output. The other Manufacture sector was also predicted to perform better than in Scenario 2; experiencing a 0.48% decrease.[10]

Geographically, the DfE research paper found that:

> *… many of the businesses impact will be in specific geographic areas e.g. Mid Ulster and Armagh, Banbridge and Craigavon council areas. This is*

[10] The Direct Economic Impact of the New USA Tariff Regime on the Local Economy

due to the importance of the manufacturing and pharmaceutical industries to these areas, which will have implications for the regional balance agenda being taken forward by the Department.[11]

Potential scrutiny point:

4. Has the DAERA carried out, or does it plan to carry out, any analysis of the US tariffs on Northern Ireland's agri-food sector?

4 Key takeaways

The Briefing Paper has sought to provide the Committee with a short overview of US trade tariff policy since January 2025, with a particular focus on its potential impact on Northern Ireland. The second half of the Paper provided early analysis of the sectors in Northern Ireland that could be impacted by those tariffs.

Key takeaways arising from the Paper include:

- US tariff policy since January 2025 has been fluid and subject to a number of policy direction changes, including the announcement of tariffs that have been subsequently amended or changed.
- Other countries have adopted different approaches to US tariff policy. The UK has entered into a trade agreement with the US. The EU initially announced retaliatory measures, but has since commenced negotiations.
- Under the EPD signed by the US and the UK, the UK exports are subject to: a 10% tariff on most goods; a 25% tariff on steel and aluminum (with negotiations to reduce this to 0% continuing); a 10% for automobiles up to 100,000 vehicles; and, 0% tariffs on aerospace products.

[11] The Direct Economic Impact of the New USA Tariff Regime on the Local Economy

- The Northern Ireland export sectors with the greatest exposure to the US market in 2024 were: Chemicals and related products; Miscellaneous manufactured articles; and, Machinery and transport equipment.
- The extent of that impact of the US tariffs on Northern Ireland’s imports is complicated somewhat by The Windsor Framework, under which importers pays either the UK import tariff or the EU import tariff, depending on the final destination of the goods being imported.
- The sectors with the greatest proportion of US imports amongst total imports in 2024 were: Machinery and transport equipment; Miscellaneous manufactured products; and, Chemicals and related products.
- The US-UK EPD included reciprocal duty-free access to 13,000 metric tonnes beef for both US and UK farmers. It is unclear at this stage what impact the change will have on the sector in Northern Ireland.
- The DfE’s analysis estimated negative impacts on GDP, employment and trade across all the scenarios examined. It also predicted the largest declines in output in Pharmaceutical sector, the Machinery sector and the Other manufacturing sector. Although the size of that impact varied in the different scenarios.

Appendix 1: “Agri-food” grouping SITC level 2 codes[12]

- SITC 0 – Live Animals
- SITC 1 – Meat and Meat preparations
- SITC 2 – Dairy products & birds' eggs
- SITC 3 – Fish, crustaceans, molluscs & aquatic inverts & preps thereof
- SITC 4 – Cereals & cereal preparations
- SITC 5 – Vegetables & fruit
- SITC 6 – Sugar, sugar preparations & honey
- SITC 7 – Coffee, tea, cocoa, spices & manufactures thereof
- SITC 8 – Feeding stuff for animals (not including unmilled cereals)
- SITC 9 – Miscellaneous edible products & preparations
- SITC 11 – Beverages
- SITC 22 – Oil seeds & oleaginous fruits
- SITC 41 –Animal oils and fats
- SITC 42 – Fixed vegetable fats & oils, crude, refined, fractionated
- SITC 43 – Animal or vegetable fats & oils, processed, & waxes
- SITC 72 –Machinery specialised for particular industries

[12] DEFRA Food, Feed and Drink (accessed 26 June 2025)

Appendix 2: SITC Level 2 codes included in “Agri-food” group[13]

- 0 Live animals
- 1 Meat & meat preparations
- 2 Dairy products & birds' eggs
- 3 Fish, crustaceans, molluscs & aquatic inverts & preps thereof
- 4 Cereals & cereal preparations
- 5 Vegetables & fruit
- 6 Sugar, sugar preparations & honey
- 7 Coffee, tea, cocoa, spices & manufactures thereof
- 8 Feeding stuff for animals (not including unmilled cereals)
- 9 Miscellaneous edible products & preparations
- 11 Beverages
- 22 Oil seeds & oleaginous fruits
- 41 Animal oils and fats
- 42 Fixed vegetable fats & oils, crude, refined, fractionated
- 43 Animal or vegetable fats & oils, processed, & waxes
- 72 Machinery specialized for particular industries

[13] Based on DEFRA Food, Feed and Drink and United Nations Trade and Development Standard International Trade Classification Level 1