



# **A FINN Partners Ireland Guide:** **Trade Tariffs**

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# Trump Tariffs: what can Irish business do?

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President Trump's sweeping victory in this November's American elections has presented a moment of unique adversity for the Irish economy, his radical economic agenda seeks to reduce trade deficits and decouple from China, seeking to isolate and undermine America's closest strategic rival. In the process, he will unravel many of the assumptions that flow from an era of free trade and unprecedented prosperity; from which Ireland has benefitted enormously.

## A MODEL OF SUCCESS

Ireland's highly successful economic model depends upon foreign direct investment, which has precipitated record windfall tax receipts, and access to a highly globalised economic order, within which America has historically been and remains the centre of gravity in the West, particularly in relation to capital and exports. This is despite the overall shift in the global economy, which is becoming increasingly dependent upon the growth created in Asia, where ASEAN nations and China endure staggering rates of growth and an increasing share of global prosperity.

While yes, the majority of Ireland's largest trading partners are within the European Union or next door in Britain, our largest in 2022 and 2023 was the United States and has been for many years. The world's wealthiest consumer economy is not just a source of direct investment, but a reliable crucial export destination. Furthermore, the US was our second largest import partner in 2022.

## A CHALLENGE TO OUR STABILITY

With stagnancy in Britain and Europe, proposed Tariffs of 10-20% by the Trump team will further challenge Ireland's stability in a manner resembling Brexit, this time we have far less time to prepare. While the Brexit vote occurred in 2016, it was not until 2020 that Britain left the European Union, giving the Department of Finance and Irish business 3 ½ years to prepare, insulate and diversify trade.

The likely impending trade war between the United States and European Union and between the US and China, and essentially all of its major trading partners, will certainly impact the world economy and disrupt long established systems of globalised trade.

On November 26th Trump announced he would place a 25% tariff on Canada and Mexico, with the two nations accounting for 42%, or \$1.5 trillion dollars of US imports. It seems unlikely that he will follow through on this to the fullest extent, given that it would cripple North American free trade and drastically raise prices for American consumers, but the incoming administration certainly believes it has a mandate for a new economic approach.

## WHAT CAN WE DO?

With America at the core of our economic order, there is no doubt that this second Trump term will impact our economic interests. It is likely that the direct impacts of tariffs on American consumers will prove to be highly unpopular and fundamentally inflationary in nature. The challenge of this is that Trump cannot run for the Presidency again, meaning that his consideration of public and business opinion may be limited. However, Congressional Republicans will be particularly sensitive to any voter and donor backlash, given the impending 2026 mid-term elections.

### 1. Engage with US stakeholders

Notably, if Trump loses majorities in the House and Senate, the former a more likely outcome, his agenda will be obstructed for the final two years of his Presidency. There is a certain value in **engaging with stakeholders on Capitol Hill**, particularly Republican Senators from **export-dependent states**, such as Iowa, or moderate House members, where incumbents will face close races in 2026. Engaging with other US business groups with shared concerns will also be worthwhile.

### 2. Diversify trade

Irish businesses can also seek to **diversify trade**, there may be a certain value in seeking new markets in Asia, particularly among ASEAN nations which tend to enjoy good relations with both the United States and China, while also seeing growing domestic prosperity.

### 3. Engage with government and build coalitions

Leaders in Irish export-oriented sectors should also begin to educate their staff on the nature of impending disruptions to trade and also seek **active engagement with the Department of**

**Finance** and embassy contacts, while seeking to **build coalitions** among industry peers in Brussels in order to ensure their interests are best represented by the European Commission and Parliament in the midst of trade disputes.

#### **4. Make the case to media**

The **media will also be a valuable mechanism** to demonstrate to American consumers the increases in costs precipitated by Tariffs, with the potential to give sector-specific accounts of the difficulties they present to sustaining profitable business and keeping costs for consumers low.

Fundamentally, the Biden Administration proved to be so unpopular because the price of essential goods rose disproportionately to wages, Tariffs will likely have a similar impact. **Educating the media** on these realities on both sides of the Atlantic may lay the foundations for a detailed and informed policy debate.

While the Trump Administration's policies will likely be difficult for Irish exports, we also have a vibrant, innovative, highly educated and dynamic economy, with a government which explicitly promotes Irish business abroad and seeks to open new trade opportunities around the world. Our relatively strong links in Brussels and the enduring nature of our cultural power in Washington leave us well positioned to approach this period with the backing of our partners and an open ear from many across the political spectrum on Capitol Hill.

***\*If you need assistance in navigating trade tariffs and changes in the macroeconomic environment, please email [andrew.dunne@finnpartners.com](mailto:andrew.dunne@finnpartners.com). FINN Partners offers coordinated expert public affairs services in both Washington DC and Dublin\****