

# Trade Barriers between the EU and the US

The background of the slide is a photograph of three business professionals in a modern city setting. A man in a blue suit and glasses is gesturing with his right hand while talking to two women in business attire. They are standing on a wooden-planked rooftop or terrace. In the background, a dense skyline of modern skyscrapers is visible under a clear blue sky with some light clouds. Two large, solid orange geometric shapes, resembling parallelograms, are overlaid on the image: one horizontal shape behind the man and one angled shape behind the women.

Presentation by **Joan Faurskov Cordtz** and **Jørgen Juul Andersen**  
21 May 2025

# Agenda

- 1 Introduction
- 2 What is going on?
- 3 How can custom help us?
- 4 How do Customs and TP interact at the moment?
- 5 What opportunities do we see right now
- 6 Wrapping up and questions



An aerial photograph of the New York City skyline at sunset. The sun is low on the horizon, casting a bright glow over the city and reflecting on the water. The Freedom Tower is prominent on the left. A large, bold orange number '1' is positioned in the upper right corner of the image.

# Introduction

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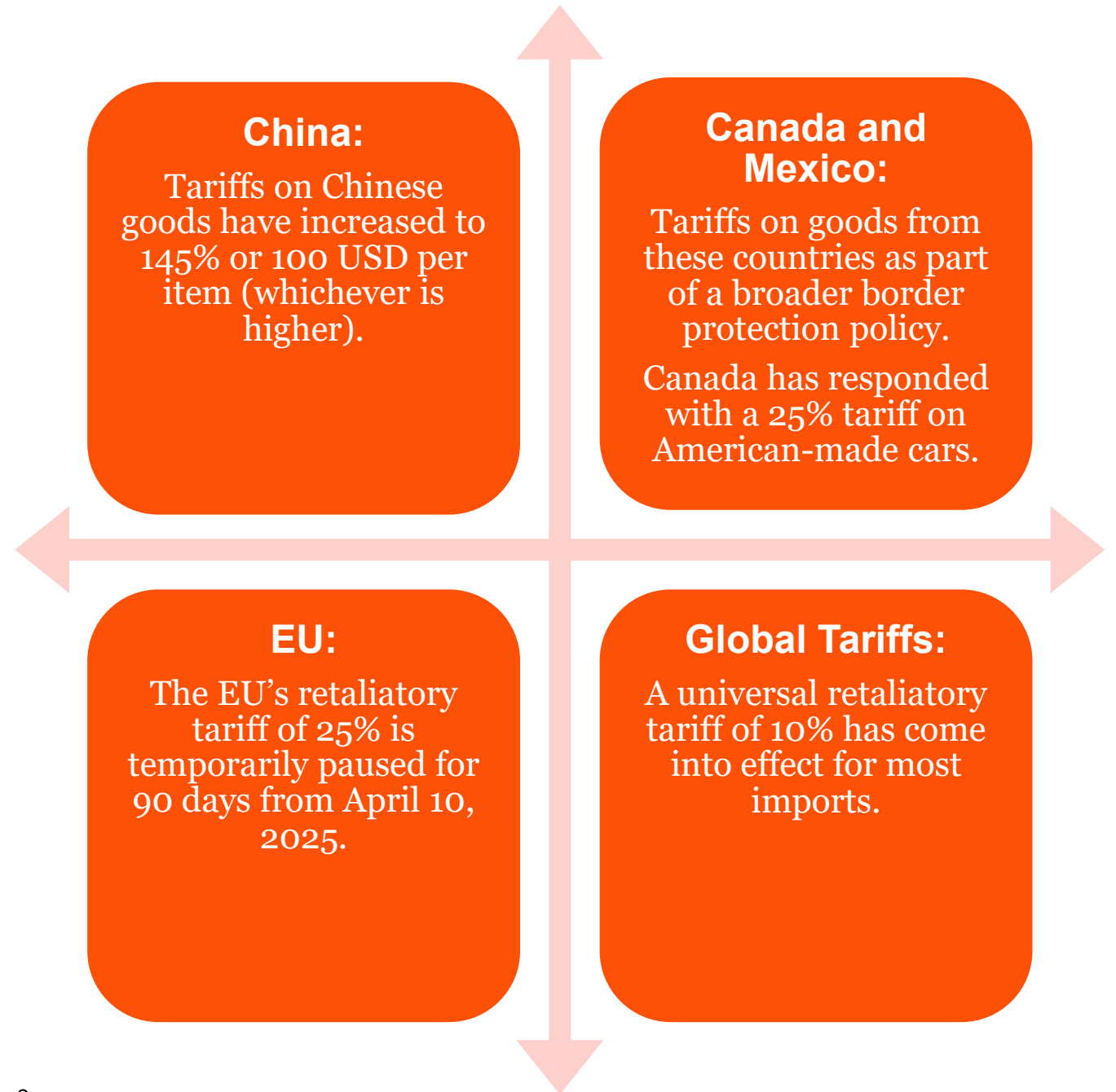
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What is going on?

# What is going on?

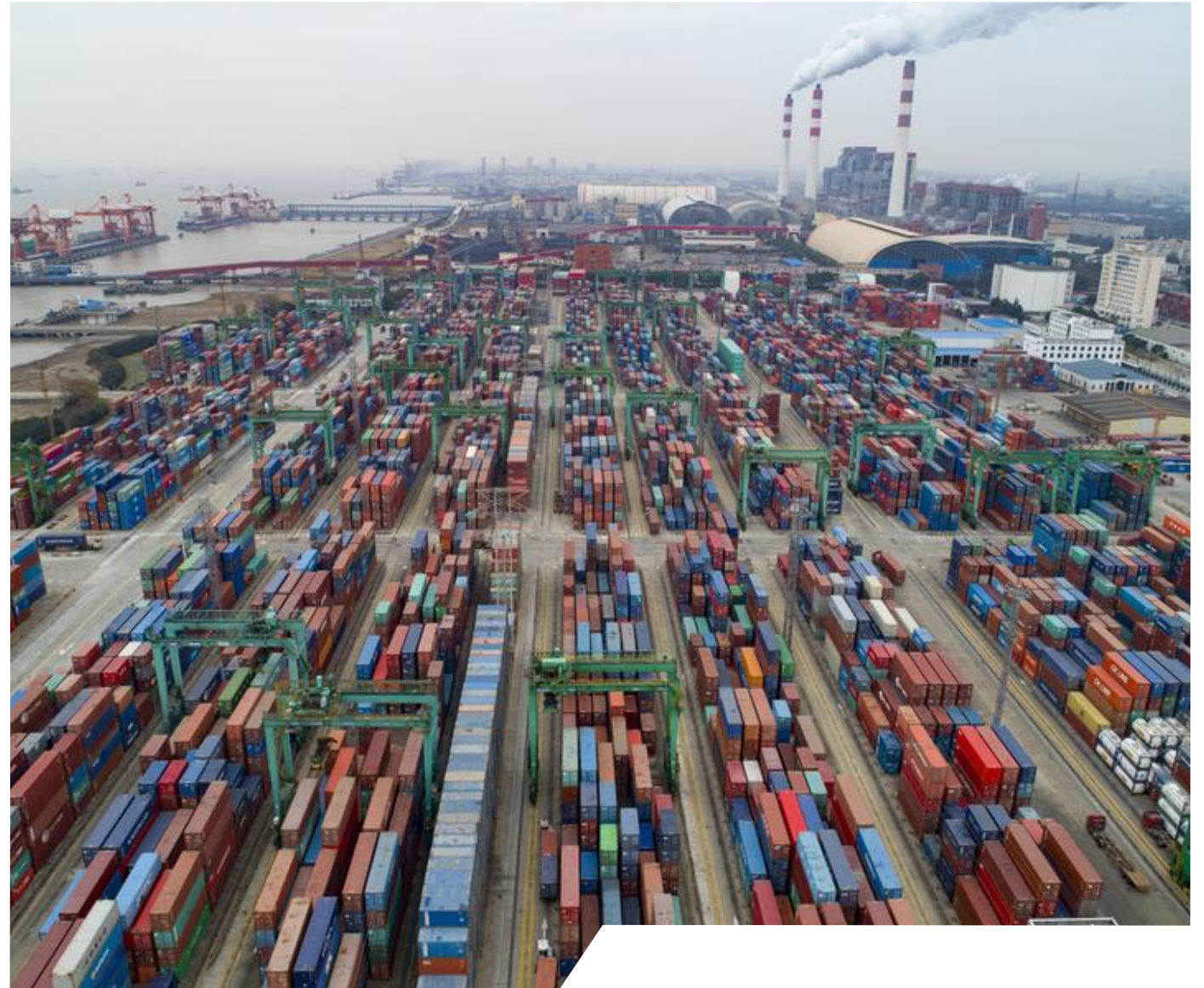




# What is going on? (cont'd)

## Temporary de-escalation?

- There are reports that the US and China have agreed to temporarily lower tariffs for 90 days starting mid-May, as part of negotiations for new trade agreements. The tariffs will be reduced by 115 percentage points.
- This means the US will lower tariffs on Chinese goods to 30% from 145%.
- At the same time, tariffs on imports of American goods to China will be reduced to 10% from 125%.



# Expect 4 years of changes

THE WALL STREET JOURNAL

The Trump Tracker:  
36 Notable Moves in 24 Days

Forbes

FORBES > BUSINESS

BREAKING


Trump Says His 'Big' Tariffs  
Are Coming Today: What To  
Know About Reciprocal  
Tariffs—And Inflation Impact

ENERGY & ENVIRONMENT

First level text  
Trump puts energy on front lines of  
'resource war'  
Second level text.

Lorem ipsum dolor sit amet,  
 Trump announces private-sector \$500  
 billion investment in AI infrastructure

House Republicans unveil blueprint to  
extend \$4.5 trillion in tax cuts and lift  
the debt ceiling



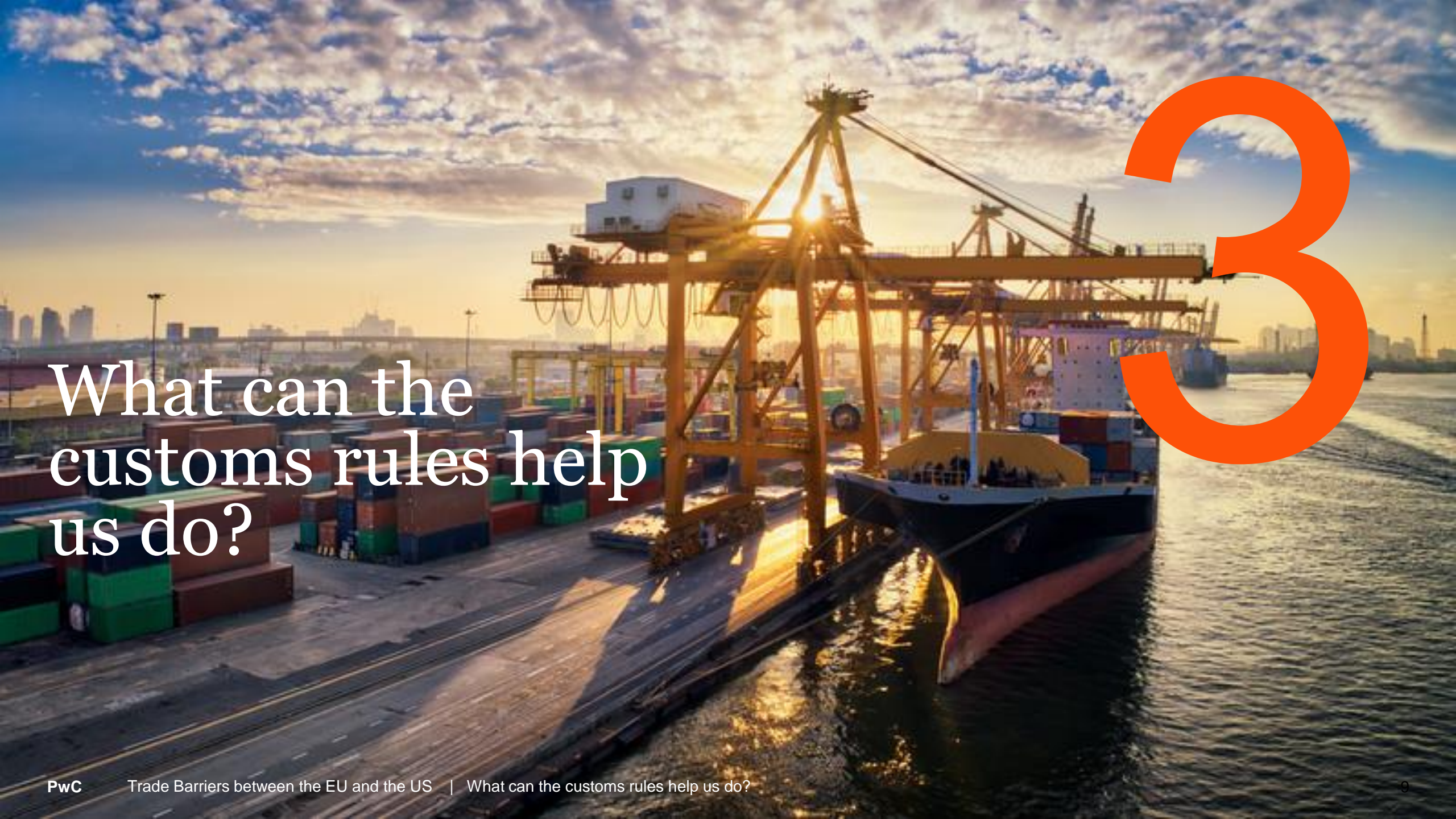
### What's coming next?

More change and uncertainty.

The best thing to do is to prepare, prepare, prepare (data, data, data and model, model, model).

Be proactive and agile, implement short terms fixes and have plans ready for long term actions.





What can the  
customs rules help  
us do?

# A range of mitigation options exist

**Short**

**Medium**

**Long**

<b>Customs</b>	Analyze "no regret" options (FSFE, FTZ, Classification, Origin, etc.)	Incorporate customs mitigation strategies (drawback, origin compliance, etc.)	Incorporate customs linked to any changes below
<b>Supply chain / Operations</b>	Conduct US sourcing and manufacturing dependency analysis  Hold pricing to protect shares	Evaluate alternative sourcing / country of origin / manufacturing options  Negotiate pricing with suppliers	Nearshoring / onshoring  Revise supply chain strategy
<b>Tax / Transfer Pricing</b>	Assess transfer pricing	Analyze transactional and functional characterization	Value chain redesign
<b>Commercial</b>	Raise prices vs hold prices	Weigh market share capture options  Product engineering shifts	Re-engineer business model



# Why is classification important?

## The product code is important because:

- is the key to the customs duty rate
- is crucial for determining origin
- is decisive for whether special requirements apply to import/export, such as:
  - anti-dumping duties and other special "penalty duties"
  - customs suspensions
  - special import/export permits
  - statistical reporting





# Why is customs value important?

## Transaction value

01

The buyer and seller are independent trading partners

- If there is a dependency relationship between the seller and the buyer, it must be documented that the price of the goods has not been adjusted

02

There are no restrictions on the buyer's right to dispose of, use, or resell the imported goods

03

No special conditions apply

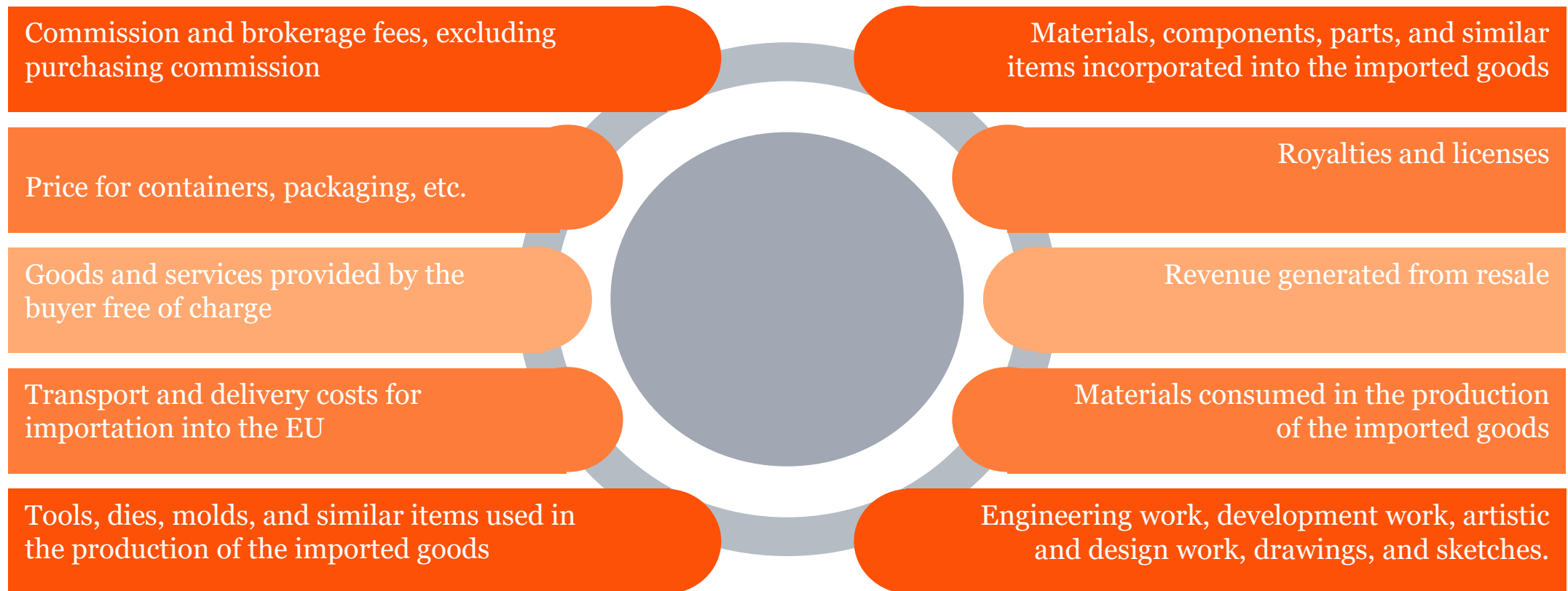
04

No proceeds from subsequent sales may accrue to the original seller

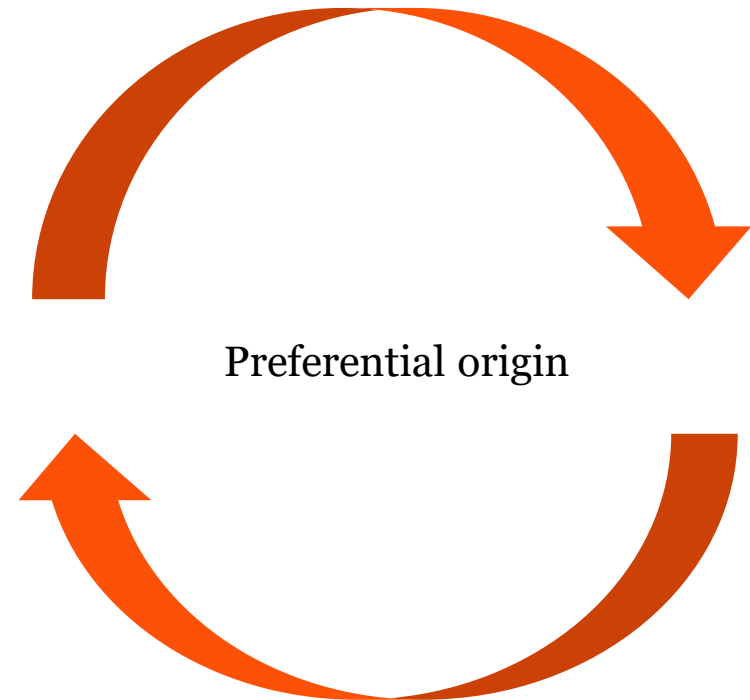
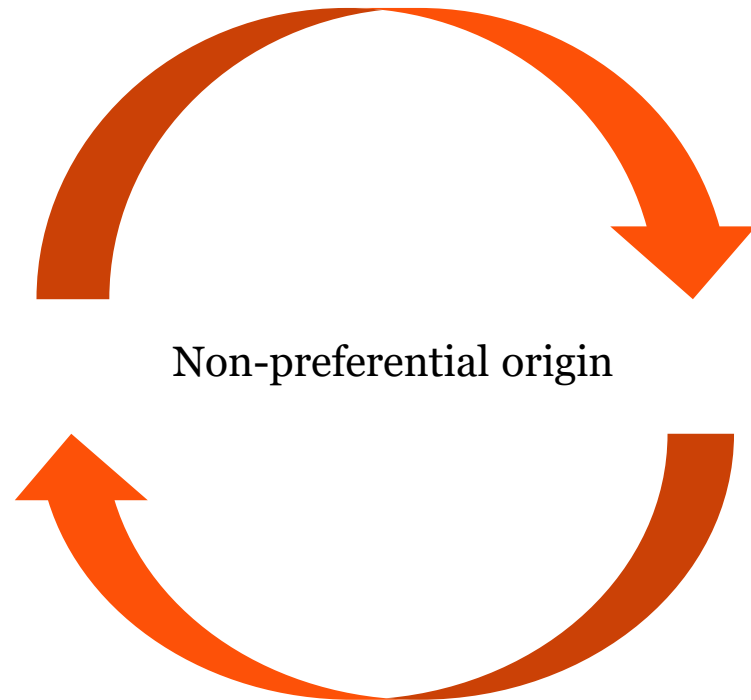
# Why is customs value important? (cont'd)

## Transaction value add on

**Must be included if not a part of the invoice value**



# Why is origin important?





# Preferential origin

**Summary: Preferential origin is about goods that meet certain requirements being able to be imported with lower or no customs duties between countries that have entered into a trade agreement.**

- Only relevant if a trade agreement is in place
- Refers to goods that meet specific rules of origin and can therefore obtain reduced or zero customs duties when imported into a country



# Non-preferential origin

**Summary: Non-preferential origin is about determining which country a product “comes from” in a customs context**

- Non-preferential origin is a concept in international trade used to determine a product’s “nationality” or country of origin, but where there is no trade agreement.
- It differs from preferential origin, where goods may qualify for reduced or exempted customs duties under free trade agreements or special arrangements.
  - Example: If a shirt is sewn in Turkey from fabric originating in China, the origin will depend on where the substantial processing has taken place. If sewing is considered substantial processing, the shirt will be deemed to have Turkish origin.



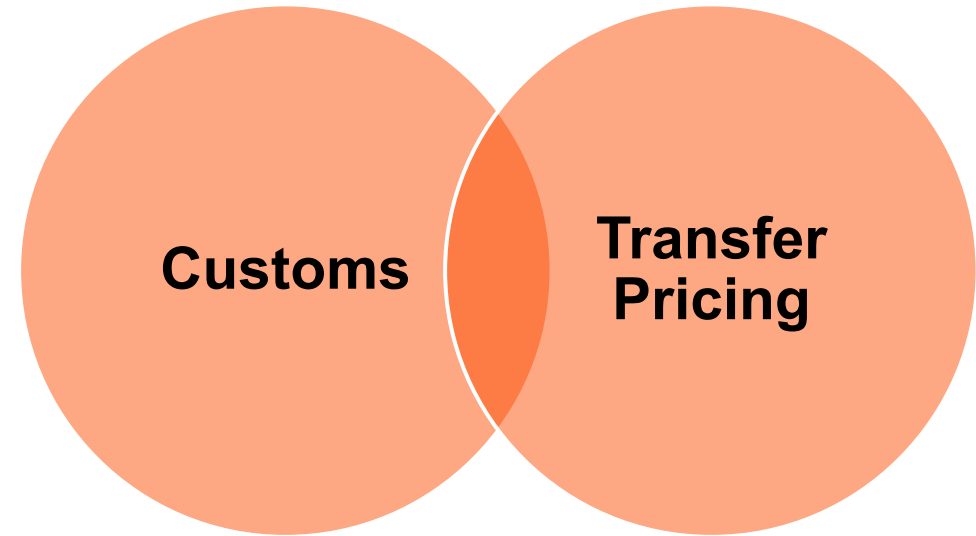
A large container ship with a white superstructure and a dark hull is sailing on a blue body of water. The ship is loaded with numerous colorful shipping containers. In the background, a dense city skyline with various skyscrapers and buildings is visible under a clear sky. A large, bold orange number '4' is overlaid on the right side of the image.

# How do Customs and TP interact at the moment?



# TP and customs values can, but do not need to, overlap

- One of the ways to set a customs value can be to refer to your transfer prices as these transfer prices represent a fair value between unrelated parties
- However aligning transfer prices and customs values is not required and there are many instances of justifiable differences between customs values and transfer pricing values
- One obvious area of disconnect is that customs focuses on the physical flows of products whereas TP can be more focussed on invoice flows
  - This can mean that there is not a 1 to 1 transactional match between parties and values in a customs flow when compared to TP flows

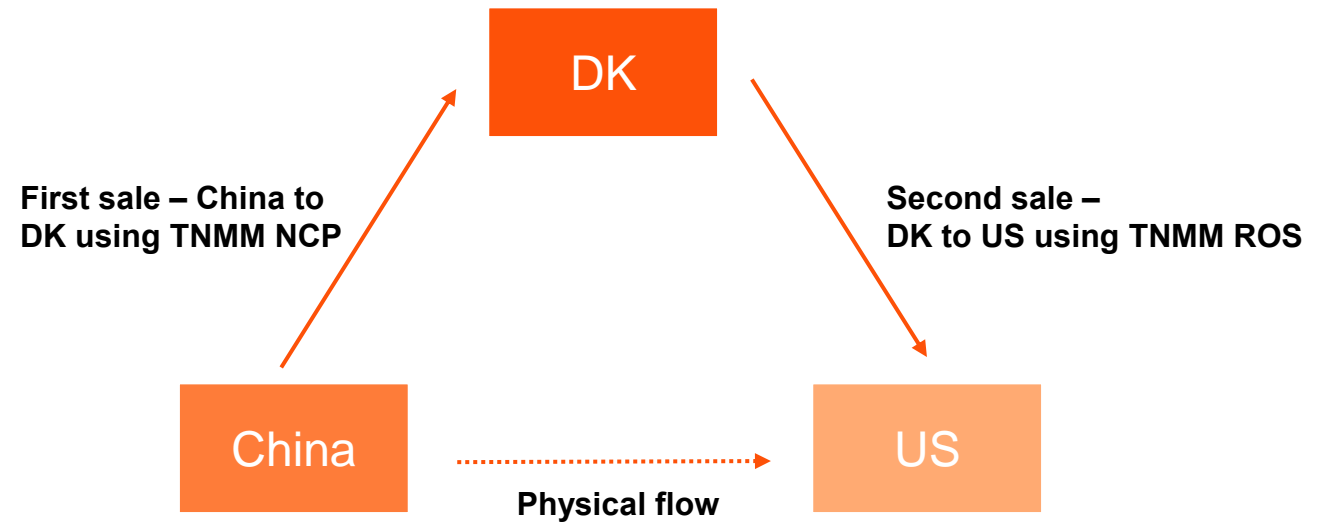


- What is important is that TP flows and pricing approaches are mapped and compared to customs flows and valuation approaches
  - Any differences or overlaps are understood and accepted
  - Any areas for change in order to increase or decrease the potential overlap are investigated

# "First Sale Rule" – connecting TP and customs in an alternative manner

- One area where we see a particular overlap between TP and customs is in the customs "First Sale Rule"
- The First Sale Rule is a principle in U.S. customs law that allows importers to base the value of imported goods on the price paid in the first sale in a multi-tiered transaction, rather than the final price paid by the importer
- Conditions apply! The first sale must be a legitimate, arms-length transaction, the goods must be clearly destined for export to the U.S. at the time of the first sale, complete documentation and transparent pricing is required

- Example: In a principal model, if China ships directly to the US but invoicing takes place through a Danish principal entity then customs could be paid on the China–Denmark transfer price, rather than the Denmark–U.S. resale price





What opportunities  
do we see right now?



# Properly addressing tariffs is challenging



# What do we recommend to focus on?

Classification of the  
goods

Customs value

Origin of the goods

Customs procedures

Involve det right  
people

Don't wait

# Wrapping up and questions

6



# Webinar Series: Trade Barriers Between the EU and the USA



**Join PwC as we take the pulse of the current situation and provide an update on the trade barriers**



## **A special focus on the supply chain**

Thursday

04 September 2025

09:00-10:00 pm



## **Risk navigation**

Thursday

02 October 2025

09:00-10:00 pm



## **An update**

Thursday

30 October 2025

09:00-10:00 pm

# Thank you