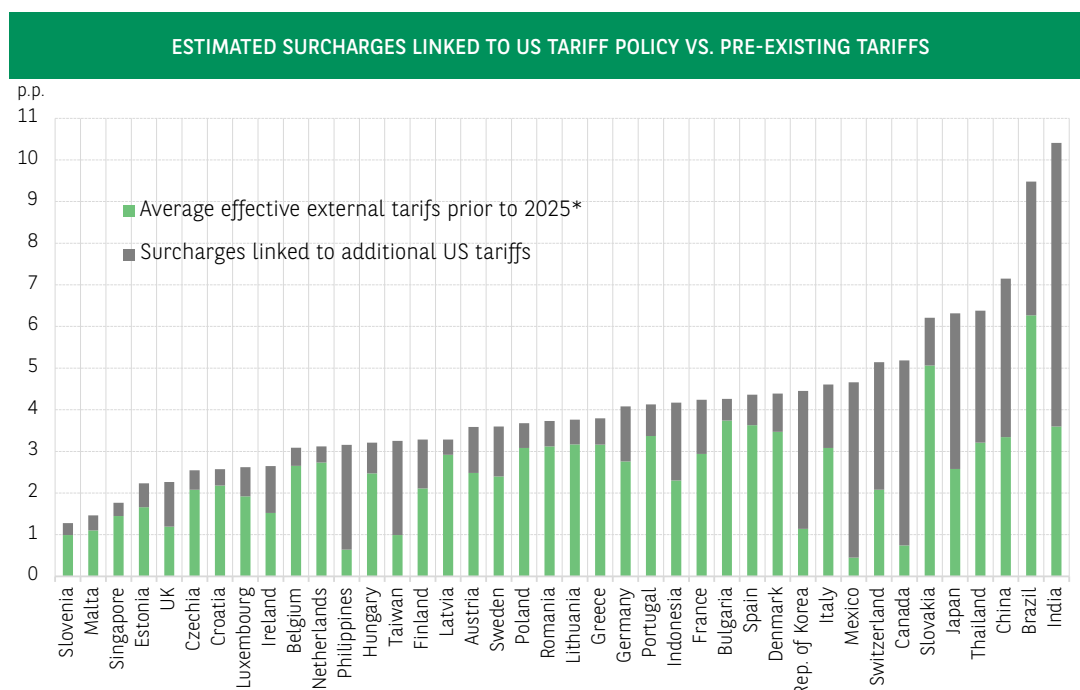


INCREASE IN US TARIFFS: EUROPE FARES BEST

Guillaume Derrien



SOURCE: WITS, FITCH, COMTRADE, BNP PARIBAS

* The average effective external tariff is defined here as the amount of customs duties paid by each country on all of its exports, not just those to the United States, relative to its total exports. Unlike the approach focused on US imports, which offers only a limited view of the tariff shock, this measure extends it to all of each country's trading partners. The green bars show the average external tariffs before 2025 (WITS data for 2023) and the grey bars show the estimated increase in the average external tariff linked to the introduction of the new US tariffs (as of 15 August). These changes are based on constant export structures, using 2024 as the benchmark. Countries are ranked in ascending order of average external tariffs.

What is the impact of the new US tariffs on the customs duties imposed on each country's exports as a whole? Estimates of the "average effective external tariff" show that the shock remains relatively limited for the European Union and the United Kingdom. The framework agreement signed on 27 July between the EU and the US imposes a uniform tariff of 15%, incorporating pre-existing tariffs, and includes a most-favoured-nation (MFN) clause for certain strategic sectors (aeronautics, certain pharmaceutical and chemical products). The United Kingdom has agreed on a basic tariff of 10% with some exemptions, particularly for automobiles (quotas) and aerospace (0%). This will lead to an increase in the average export tariff of up to 1.5 percentage points for the EU member states most affected – Italy and Germany – while it will be limited to less than one percentage point for the majority of the 27 member states. For the United Kingdom, this increase amounts to 1.1 pp. Thus, US tariffs are more of an additional barrier to exports than a major competitive disadvantage (since all competitors are also subject to tariffs, which are often higher).

Asian economies are experiencing larger increases in average effective external tariffs. For some countries, starting from a relatively low level of external tariffs (the Philippines and Taiwan), this brings them closer to European levels, while others are now above them (Japan, Thailand and China). India, targeted by the United States in retaliation for its purchases of Russian oil, has been hit the hardest (US customs duties have risen from 6% to 50%).

Canada and Mexico, which are highly dependent on the US market, are also experiencing a sharp increase (4.2 and 4.5 percentage points respectively). However, this increase is limited by the significant share of exports that are USMCA-compliant and are therefore exempt from customs duties.

The relatively limited increases in average external tariffs for Europe therefore put into perspective the scale of the shock linked to the rise in US customs duties. While the latter had an immediate impact on the evolution of trade flows, leading to rapid and significant rerouting effects (see a recent Chart of the Week¹), it has not, so far, derailed global trade, which remains on an upward trajectory in line with 2024. This topic will be explored in greater depth in our next EcoPerspectives focus, to be published very soon.

¹ See J.L. Proutat, [The first effects of the Trump tariffs are measurable, and they are massive](#), BNP Paribas, 16 July 2025.

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