TradeWatch

EY Global Trade – Global

Issue 1 2025

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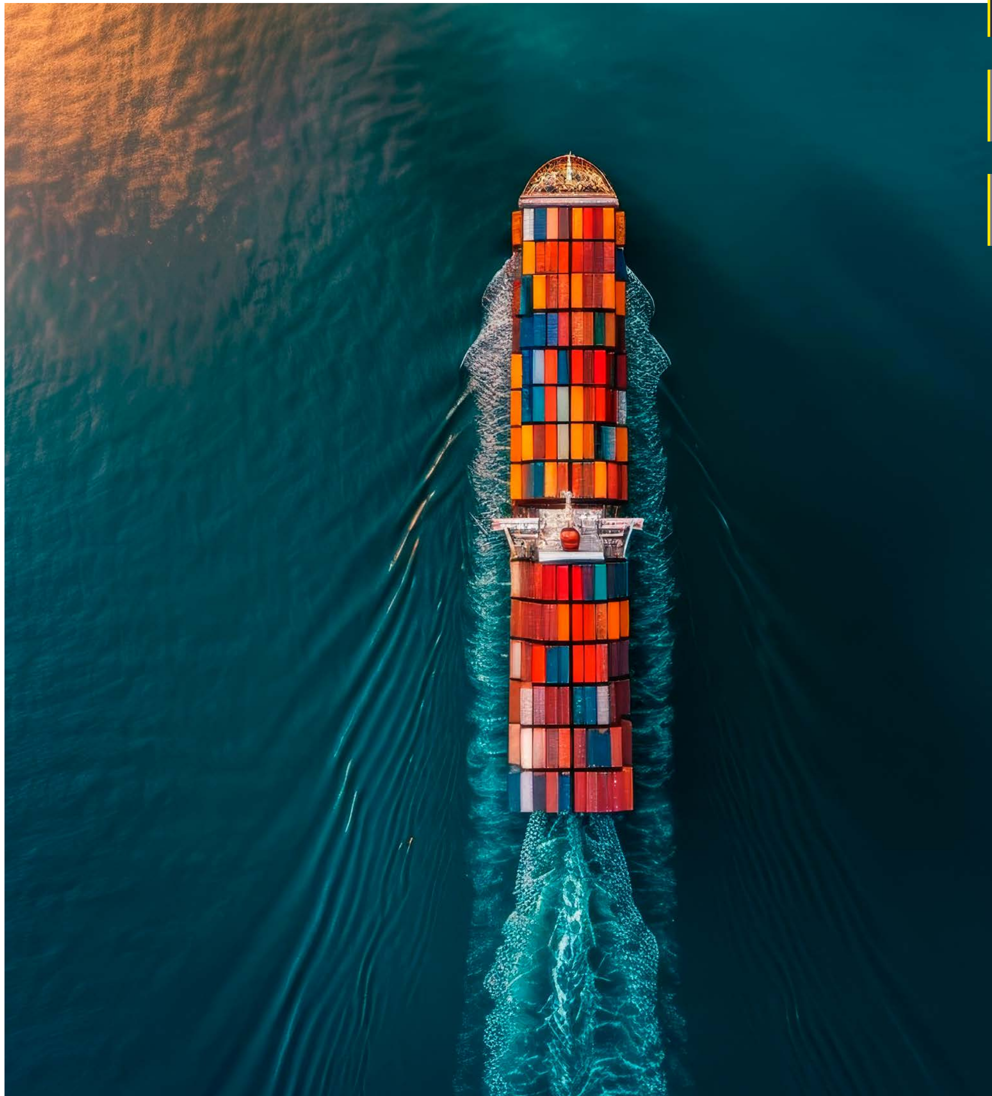
Tax alerts
Additional resources
Contacts

A turning point for global trade – the trade community at a crossroads in 2025

2025 began with a whirlwind of activity for the global trade community, primarily driven by the significant shift in the foreign trade policy of the United States (US). That new policy includes the imposition of new and increased tariffs on imports from long-standing trade partners and on products such as steel and aluminium. Details of the tariffs and the retaliatory measures from the US' trading partners are summarized on 'US tariffs: timeline of major actions as at 15 April 2025' on page 6 of this publication.[1]



Local tensions vs. global shifts

One possible explanation for the current shift in the US' foreign trade policy may be responding to domestic issues, such as the loss of jobs in manufacturing when production of goods has moved from the US to other locations. President Trump has also cited national security concerns and the need to raise government revenues.

But is this the whole picture? While tensions within the US may have driven these policy changes, they may also reflect broader global shifts in trade dynamics. These measures and countermeasures may signal the reconsideration of the current international economic model of free trade. This model has dominated the global economy for decades, but while some nations received many benefits from free trade agreements, others have faced challenges with trade deficits and the erosion of their industrial bases.[2]

The future of free trade

1 The content of this publication may not reflect the most current developments in regulatory changes. As this is a fast-moving situation, the information provided is correct as of 15 April 2025. We encourage readers to consult official sources or seek professional advice for the latest updates and guidance. Read more on our tax alerts.

2 For detailed discussions on the advantages and disadvantages of free trade, see for example, "6 Pros and Cons of Globalization in Business to Consider", *Harvard Business School website*. Find it here and "Trade has been a powerful driver of economic development and poverty reduction", *World Bank Group website*, 12 February 2023. Find it here

As we move forward in 2025, the future of free trade remains uncertain. Will this year be remembered as the beginning of the decline of free trade, or will it mark a revival of these principles on new and different bases? The answer to this question will undoubtedly shape the global economic landscape for years to come.

Case for decline

There are several reasons to believe that 2025 could mark the further decline of free trade. The increasing protectionist measures – not just from the US but also from other nations,[3] suggest a growing disillusionment with the current trade system, which, at times of economic turbulence, is tested more acutely. Will countries begin to prioritize their own economic stability over global trade partnerships, leading to a fragmentation of the international economic order?

The geopolitical tensions could push countries further toward protectionism. As nations strive to maintain their economic sovereignty, the collaborative spirit that once drove free trade agreements may wane, giving way to a more competitive and insular global economy.

Case for revival

On the other hand, this period of turmoil could also be an opportunity for the revival of free trade on new bases that address the challenges economies face when fostering free trade and among unlikely partners. The challenges and criticisms of the current system could drive nations to come together and renegotiate trade agreements that are more equitable and sustainable. By addressing flaws in the existing model, countries could foster a renewed commitment to free trade that better serves the interests of all parties involved.

Technological advancements and innovations in global supply chains could facilitate a more balanced and efficient trade system. Creating a tool through the use of technology whereby trade balances, the impact on industries, and other key trade indicators are constantly monitored to inform a preference dynamic review process, could be a development to avoid inequity in trade. By leveraging these developments, nations could enhance their economic cooperation and more broadly distribute the benefits of free trade.

The last few months have witnessed a surge in talks about new free trade relations that had been long stalled (e.g., EU-Mercosur[4] and ASEAN).

Conclusion

As the trade community navigates the complexities of 2025, only time will tell whether it will be marked as the year of the decline of free trade or the year of its revival on different bases. The new US tariffs have set the stage for a pivotal moment in global trade. The actions taken by jurisdictions in response to these tariffs will not only determine the direction of the international economic order but also shape the future of global commerce.

In the coming months and years, the trade community will undoubtedly face numerous challenges and opportunities. By critically examining the motivations behind these tariffs and exploring potential pathways forward, we can better understand the evolving dynamics of global trade and work toward a more balanced and prosperous economic future for all. ■

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3 Mexico announced an increase in tariffs on textiles and apparel imports, raising the import duties up to 35%. This measure, effective from 20 December 2024 until 23 April 2026, aims to tackle unfair competition affecting Mexico's textile and apparel industry. The increased tariffs apply to 138 tariff lines for garment products and 17 tariff lines for textile products see "Mexico to impose new protective tariff on finished textile imports" *Mexico News Daily website*, 19 December 2024. Find it here

4 For further details, please refer to our article "Mercosur-EU agreement amid global trade tensions," on page 13.

Insights
New on ey.com
Tax alerts
Additional resources
Contacts

US tariffs: timeline of major actions as at 15 April 2025

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20 January 2025
United States President signs 'America First Trade Policy' and calls for cross-agency investigation of trade deficits, unfair trading practices, currency manipulation, de minimis exemption for low-value imports, tariff regime/exemptions, with reviews and recommendations due by 1 April 2025.

01 February 2025
25% tariffs on Mexican, Canadian imports (10% for Canada energy resources) announced, then delayed for one month.

04 February 2025
- US enacted 10% tariffs on all imports from China, additive to existing tariffs.
- China imposed retaliatory tariffs on USD14 billion of US exports in addition to non-tariff retaliatory measures.

13 February 2025
US initiated review to determine reciprocal tariffs on all trading partners.

21 February 2025
US initiated review of other jurisdiction's imposition of Digital Services Taxes on US companies and opened comment period on nonreciprocal trade arrangements.

25 February 2025
US initiated investigation into imports of copper, scrap copper and copper derivatives.

01 March 2025
US initiated investigation into the impact of imports of timber, lumber and their derivative products imports.

04 March 2025
- Additional 10% tariffs enacted on all imports from China.
- China retaliated with tariffs on many agricultural products, as well as non-tariff retaliatory measures.

06 March 2025
- US enacted 25% tariffs on imports from Canada and Mexico that do not qualify for preferential treatment under the USMCA agreement.
- Canada retaliated with tariffs on CAD30 billion of U.S. exports including agriculture and consumer goods.

12 March 2025
- US enacted 25% tariffs on steel and aluminum imports.
- Canada imposed retaliatory tariffs.
- EU proposed and then delayed retaliatory action until after 2 April reciprocal tariff start date.

24 March 2025
US President signed an Executive Order opening the door to 25% tariffs on all countries that import oil from Venezuela as soon as 2 April 2025.

02 April 2025
President Trump announces the details of his Reciprocal Tariff Policy, including imposing 10% universal tariffs on imported products from all countries and an additional country-specific ad valorem tariff rate on certain countries.

05 April 2025
The 10% tariffs announced by the US on 2 April 2025 generally apply.

08 April 2025
EU announced 25% duties on a wide range of US goods, effective 15 April 2025 (subsequently delayed by 90 days).

09 April 2025
- US President announced a 90-day pause on much of his Reciprocal Tariff Policy, except for China.
- US President reacted to Chinese countermeasures by increasing US tariffs on China from 34% to 84% and then to 125%.

11 April 2025
US exempted certain electronics, including smartphones, laptops, goods used in semiconductor manufacturing, and other products from the 125% tariff rate applied to imports from China and the 10% broad-based tariff rate recently enacted.

14 April 2025
- US administration unveiled trade investigations into pharmaceutical and semiconductor imports.
- The Brazilian government officially enacted a bill, empowering the government to implement countermeasures against countries imposing retaliatory measures on Brazilian products.

How tax and trade leaders can prepare for global tariff disruption

US tariffs could reshape cross-border trade, driving tax teams to adapt strategies for lasting resilience and opportunity.

In brief

- Fresh US tariffs raise geopolitical risk, pushing tax teams to adopt agile, cross-functional trade planning for resilience.
- No-regret actions like scenario modeling, nearshoring and tech integration help leaders control costs and meet evolving regulatory demands.
- Aligning ESG goals with strategic sourcing fosters compliance, reduces exposure and unlocks new growth in a fast-shifting global environment.

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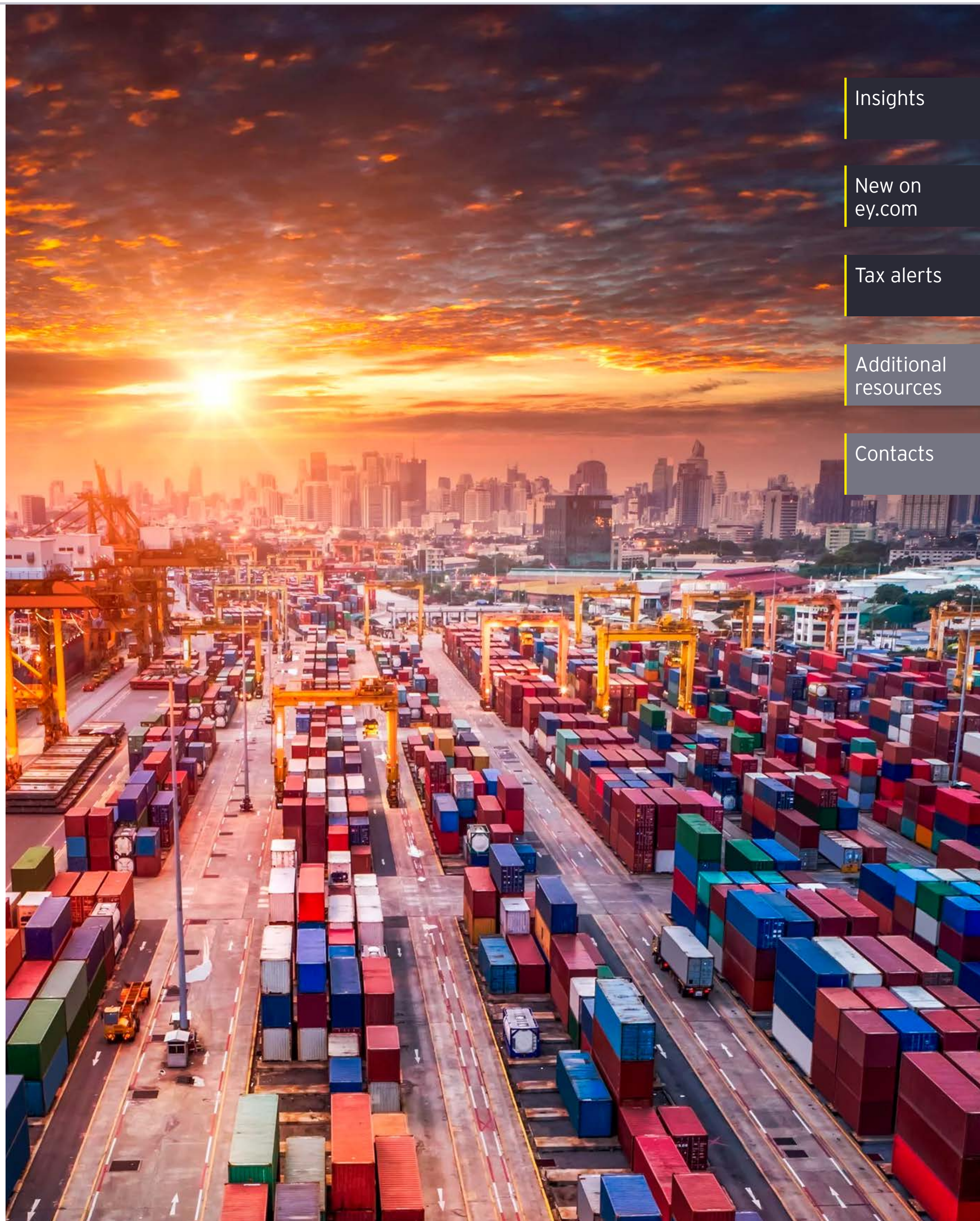

How trade functions can address trade disruption

In previous editions of *TradeWatch*, we have discussed the changing role of the trade function. We have covered trade automation, the importance of businesses with physical supply chains to think strategically about the future of their trade functions, how to re-evaluate and transform the trade function to better cope with the challenges posed both by external and internal factors, and more.[1]

In recent months, the world of trade has seen a further shake-up from tariffs imposed by US President Trump's administration (US tariffs) via a series of executive orders and presidential memos, as well as reactions from the targeted jurisdictions with retaliatory measures. Details of the tariffs and the retaliatory measures from the US' trading partners are summarized on 'US tariffs: timeline of major actions as at 15 April 2025' on page 6 of this publication.[2]

It is impossible to predict the scope of future tariffs, their longevity, and the nature and degree of countermeasures. Despite the inherent uncertainty, one thing is certain: The recent events around US tariffs have already pushed the topic of trade to the forefront of politics, media and business realities.

Many trade function executives have already heard from their C-suite, "What does this mean for us? What can we do?" The impact on organizations could be significant. While many trade executives are playing a vital role in responding to the new tariffs, they cannot ignore their business-as-usual tasks while dealing with this change. Therefore, in many ways, the US tariffs have demonstrated the importance of having a well-organized strategic trade function.

In this final article in our series "Transforming trade functions," we consider how the trade function may be affected by trade disruption and how it can adapt to deal with an increase in trade disruption.

1 "'Future-proofing' the customs and trade function," *TradeWatch* Issue 2 2023, page 5; "Effective outsourcing for global trade functions – strategies and considerations," *TradeWatch* Issue 2 2024, page 4; "Transforming customs and trade functions: how trade technologies and automation can release potential," *TradeWatch* Issue 1 2024, page 6.

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Have US tariffs changed our recommendations to executives of trade functions?

Absolutely not. In fact, the recent US tariffs were preceded by several geopolitical events that had already created widespread trade disruption –the United Kingdom (UK) leaving the European Union (EU) (Brexit), the COVID-19 pandemic, the trade disputes arising from measures taken during President Trump's first administration, the Russia-Ukraine conflict and other global conflicts. Each of these events created complex customs and trade implications and led to increased complication of trade regulations and technicalities. They also contributed to the evolution of the roles that trade functions play in their organizations. Brexit made many businesses aware that each customs declaration is similar to a tax return, and they are submitting hundreds or even thousands of them every day. The Russia-Ukraine conflict showed that trade restrictions can be put in place overnight, and there could be criminal consequences because of an incorrect shipment.

Expectations from senior stakeholders have also evolved. Trade functions have moved from being a compliance back office to receiving questions directly from the C-suite on US tariffs and participating in strategic business decisions.

We have previously discussed that the objectives of trade functions can cover one or more of these responsibilities:

- Operational compliance
- Tactical planning
- Strategic business partnering

These geopolitical events are accelerating the need for trade functions to address tactical considerations, and especially strategic business partnering, while keeping operational compliance under control.

What challenges and opportunities do the new US tariffs present to trade functions?

From talking to our clients, we see that businesses can be anywhere on a spectrum of readiness at this point: from starting to assess the impact of the new tariffs, to considering short-, medium- and long-term management actions.

Data is crucial for identifying and analyzing the trade impact of disruptive events. Established and mature trade functions should be getting regular data from customs authorities and/or customs brokers for post-entry analysis. That data is useful for compliance checks or identification of missed reliefs, as well as for impact assessment and scenario planning.

For example, with the new US trade policies, the official customs data for imports into the US can be used to analyze the potential US tariff impact from a US perspective. Similarly, Canada and Mexico and a number of other customs authorities also provide data that can enable trade functions to conduct calculations and modeling for potential retaliatory measures for imports into these countries from the US.

Because the US tariff measures are specific to countries trading with the US, the key determining factor is country of origin (COO) and, more precisely, non-preferential origin. For many companies, non-preferential origin is not officially managed by the trade teams. Instead, we see this information assigned by the rest of the business, often without technical analysis or diligence. This is understandable — after all, preferential origin is what drives savings and benefits under free trade agreements. Unless the business is subject to measures such as anti-dumping duties, historically there has been less risk and need to get the non-preferential origin right — until events like the US tariffs hit. To prepare for this impact, we are seeing proactive trade leaders conducting analysis on the integrity of their non-preferential origin, and those even further ahead are planning with business operations (e.g., procurement) to make feasible operational changes to influence the outcome of COO.

The issue of data integrity is further amplified by gaps in non-trade departments in understanding the customs and commercial implications. For example, when considering who bears the increase of tariff costs, international commercial terms (Incoterms) may come up, with unintended consequences arising from certain choices. The trade team will need input to help the business understand the Incoterms being used and what they mean so the team can include that information in strategic business planning with suppliers and customers.

The US tariffs have also exposed some gaps in how well the trade function is integrated with the rest of the organization. We have seen situations where supply chain and tax teams are planning for managing the impact without the knowledge or involvement of each other. This approach may be exacerbated by the fact that the trade function may be sitting in either – or even neither – of these departments.

Challenges may go hand in hand with opportunities. This is a great moment for leaders of trade functions to elevate their profiles by showcasing the strategic value-add that their teams and work can bring to the organization. For example, we have seen in recent mergers and acquisitions that the US tariff impact is a high-priority consideration for the seller or buyer in a transaction, so the work done by the trade function could make or break a potential deal.

This is also a great opportunity for Trade professionals to be more connected with other non-trade departments. It allows them to witness and understand how commercial decisions are made, such as procurement, foreign exchange, manufacturing and locations. By learning the 'languages' of other functions, it becomes easier for the Trade team in the future to communicate and promote common objectives, making business partnership far more efficient and effective.

For the trade function to rise to these challenges and opportunities, it is critical for trade function leaders to stay on top of their objectives and be clear to the business about what can be done and what the dependencies and timelines are.

What more can and should trade function leaders do to deal with the foreseeable and the unforeseeable?

Trade function leaders want to know what they can do right now. Particularly if businesses are only just starting on the transformation journey of their trade function, how do they balance the multiple priorities?

In response to the additional pressure, trade functions are going to need to adapt. Mass recruitment of trade specialists is next to impossible, so managing fast-moving, complex trade dynamics and playing a strategic business partner role is inherently unachievable if the foundation of the trade function (i.e., operational compliance) is not there. It is imperative to transform the function and its operating model to create efficiencies and allow for trade executives to devote more time to strategic activities. If the head of an organization's trade function is occupied with operational issues, they will not have the time to participate in cross-functional working groups, such as planning supply chain options to manage the impact of the new US tariffs.

Short term:

- Trade functions need to be aware of the US tariffs and understand the possible impact on their operations in a range of possible scenarios. We recommend that businesses review the proposed tariffs and retaliation measures from other jurisdictions. This would provide a look at the impact on the trade function, for example, how much input is required from the trade team to fix identified gaps? What would be the resource impact on the trade team if certain management strategies were put in place? This needs to be assessed from the perspectives of people, processes and technology. Where necessary, a review should be undertaken of the current priorities in the function and consideration given to alternative delivery plans (e.g., the need for internal or external support).
- Make sure the trade function is involved in considering the impact of US tariffs and that key stakeholders are aware of its role in the organization. Be clear with senior stakeholders and counterparts in other parts of the business about what support the trade function can provide and what support the trade team requires. Key dependencies, such as master data managed outside the trade team or changes to IT systems, need to be highlighted as soon as possible to build in lead time for the change.

Midterm:

- Stay up-to-date with developments and likely responses. Conduct horizon scanning to manage the risks to the business and supply chain continuity. By participating in such exercises, the trade function can keep more abreast of the company's direction and provide more timely input to set the company up for success.
- Review the makeup and operating model of the trade function and start a transformation plan. Work related to US tariffs can support a business case to fuel the function's transformation journey. As knowledge and awareness of trade accumulates in the rest of the business, other important and helpful stakeholders may be identified who can sponsor critical parts of the transformation.
- Address the vulnerability or gaps in operational compliance by centralizing and standardizing targeted processes, such as key customs attributes (classification, value and origin). Doing so can free up specialists to participate in tactical and strategic activities.

Long term:

- The transformation of the trade function can be a multiyear journey. Over the longer term, demonstrating the added value and benefits to the business of transformation should help to keep the project on track and maintain the support of the wider organization.

Conclusion

Our past articles have discussed the need for transforming the trade function to become a better strategic business partner within the organization. The recently announced US tariffs have only pushed the need for transforming the function further to the fore. If you haven't started your transformation journey, now is as good a time as any to do so. If you have already embarked on the journey, now is an opportunity to revisit your plans and make sure that they suit the new trade policy environment.

Major events, like the introduction of new tariffs, offer both challenges and opportunities. Getting the buy-in from senior stakeholders in the organization is the first step toward building a future-proof trade function. This is also an opportunity for trade executives to demonstrate their value to the business from a strategic perspective by collaborating with leaders of other departments.

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How to future-proof the global trade function

Discover how tax leaders can transform trade functions to navigate volatility, seize opportunities and foster resilience.

In brief

- Geopolitical shifts, ESG mandates and evolving tariffs require a proactive, integrated approach to trade and tax functions for resilience and growth.
- Leveraging advanced technologies, scenario planning and cross-functional collaboration empowers leaders to navigate regulatory complexities effectively.
- Organizations can optimize supply chains and meet future challenges by aligning sustainability with trade strategy and addressing talent gaps positions.

Click here to find out more. ■

Mercosur-EU agreement amid global trade tensions

On 6 December 2024 the negotiations for the Mercosur-EU free trade agreement (FTA) concluded, with implementation now dependent on ratification by the Member States.[1] The agreement aims to enhance integration between two major economic blocs, with a focus on growth and sustainability, and it is expected to have transformative economic and political implications.[2]

The deal connects four economies in Latin America – Argentina, Brazil, Paraguay and Uruguay – with the 27 Member States of the EU.[3] It covers approximately 718 million people and GDP of around US$22 trillion.[4] The EU, currently Mercosur's second-largest trading partner, could become its primary partner post-agreement. The agreement aims to diversify Mercosur's trade partnerships and modernize its industrial sector, potentially lowering production costs and increasing investment flows.

Mercosur's offer to the EU covers 91% of goods and 85% of EU preferential imports, with tariff reductions spanning four to 15 years, with longer periods for the automotive sector. The EU's offer includes approximately 95% of goods and 92% of the value of

1 "Mercosur-European Union trade agreement negotiations conclude," *EY website*, 13 December 2024. Read it here

2 "EU-Mercosur: Text of the agreement," *European Commission website*. Find it here

3 The EU Member States are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

4 "FACTSHEET Mercosur-European Union Partnership Agreement – December 6, 2024," *Brazil government website*. Find it here

Mercosur imports, with minimal restrictions primarily on agricultural items.

The conclusion of negotiations does not mean the agreement will automatically enter into force. The agreement is now undergoing legal review and will then be submitted for translation into all EU official languages, followed by signing, ratification and internalization. The European Commission will submit it to the European Council, where it will be decided whether ratification will be partial (only by the European Parliament) or total (including national parliaments).

Fast-evolving economic and geopolitical developments since US President Trump took office may play a role in expediting the agreement. Its ratification would send a signal to the global trade community in favor of rules-based free trade and against protectionism.[5]

As part of his plans for widescale tariffs, on 13 February 2025, President Trump signed a Presidential Memorandum ordering the development of a comprehensive plan to restore fairness in US trade relationships and counter nonreciprocal trading arrangements.[6] The plan aims to apply equal tariffs for exporters above the universal baseline. Both Mercosur (more specifically, Brazil) and EU exporters are affected by the review, considering the Trump administration's examples given of nonreciprocal trade, which include trade in crucial products for the maintenance of cross-sector manufacturing activities such as fuel, steel and aluminum. Details of the tariffs and the retaliatory measures from the US' trading partners are summarized on 'US tariffs: timeline of major actions as at 15 April 2025' on page 6 of this publication.[7] Other products and measures are likely to be announced as the plan develops.

Implications for businesses

Companies should continue to assess the agreement's potential impact for their specific situation and export portfolio and take the appropriate steps to prepare themselves for the application of the agreement.

Additionally, global businesses can take specific short-, medium- and long-term measures to evaluate both the current supply chain model and manufacturing structures, considering alternative sourcing and manufacturing locations, taking into account a broad range of elements, such as origin, valuation, transfer pricing and income corporate taxes. ■

5 A turning point for global trade – the trade community at a crossroads in 2025

6 United States initiates review to determine reciprocal tariffs on all trading partners," *EY website*, 14 February 2025. Find it here

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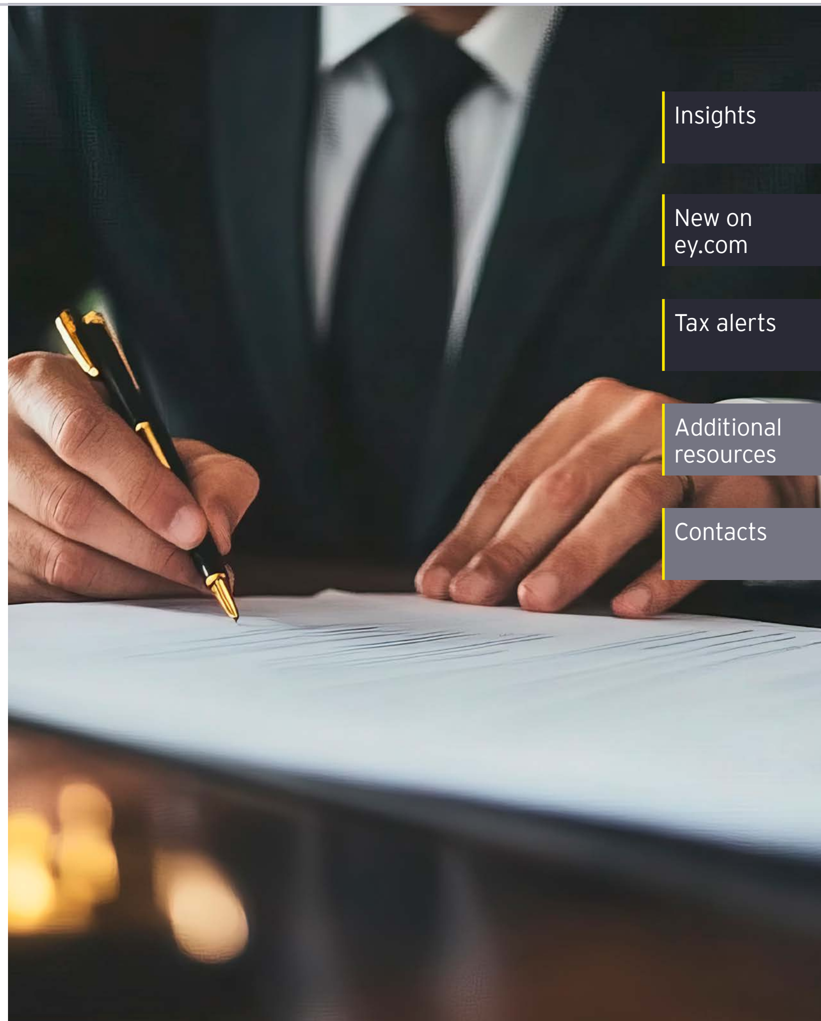

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Transfer pricing and customs valuation — a conflict for eternity?

An attempt to view this conflict on a global scale — Part III

This final instalment of our three-part series "Transfer pricing and customs valuation" aims to enhance understanding of the intricate and often unclear nature of retrospective transfer pricing (TP) adjustments in relation to customs valuation.

Our initial article, published in *TradeWatch* Issue 1 2024,[1] explored developments in Germany regarding uplift adjustments and provided insights into the customs administration's perspective following the decision by the Court of Justice of the European Union (CJEU) in the Hamamatsu case.[2]

The article in *TradeWatch* Issue 2 2024[3] offered a detailed examination of our EY Global comparability analysis, focusing on the assessment of retrospective TP adjustments for customs valuation purposes in different jurisdictions.

In this concluding segment, we aim to underscore the potential breadth of the divide between TP and customs valuation. This extends to new initiatives rolled out by the Organisation for Economic Co-operation and Development (OECD)[4] to tackle emerging challenges in an evolving economic landscape, including regulations governing profit allocation rules undergoing continuous revisions.

New profit allocation rules with Amount B of the BEPS 2.0 proposal

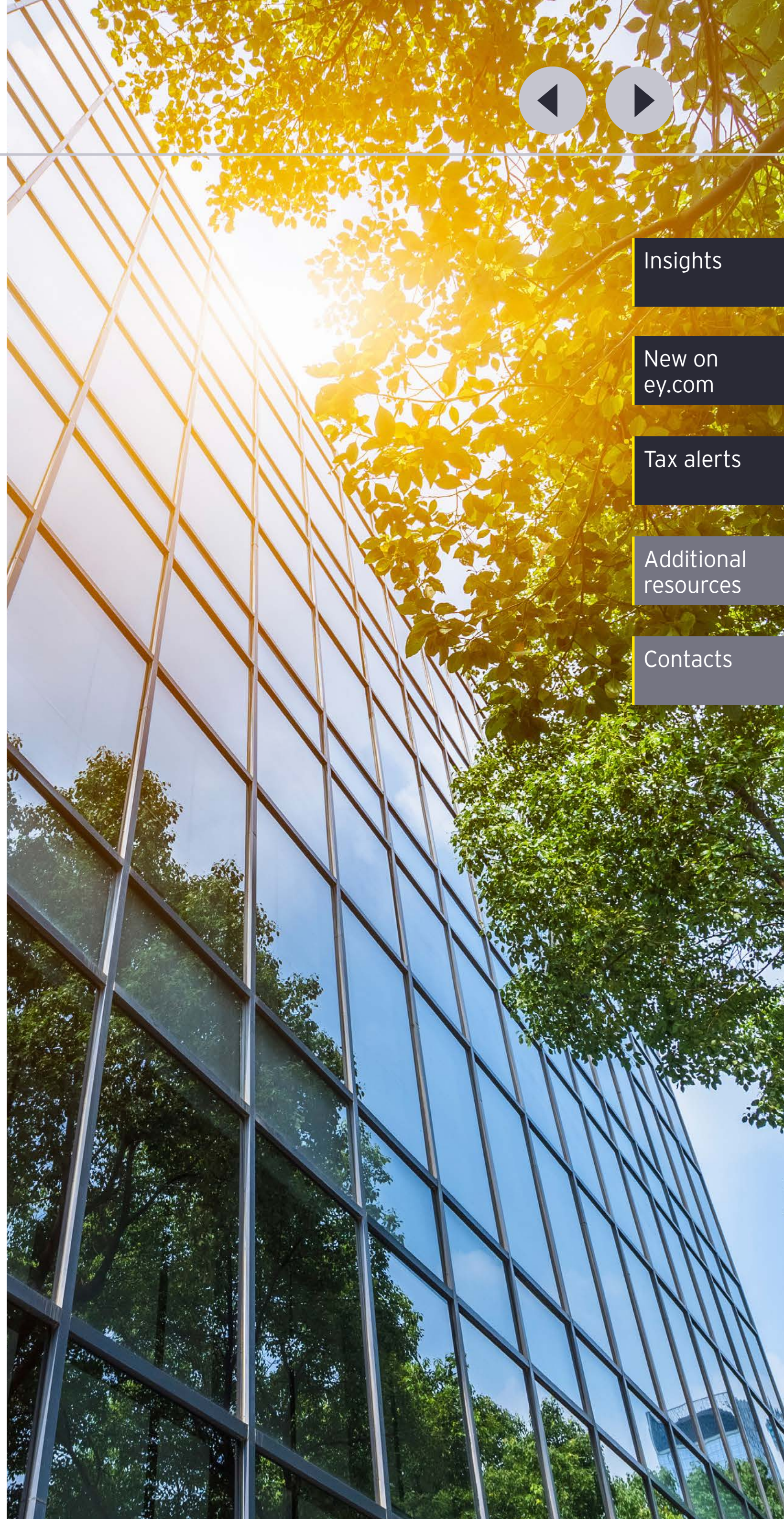
Aiming to address tax challenges arising from the digitalization of the economy, the OECD's Base Erosion Profit Shifting 2.0 (BEPS 2.0) proposal includes measures that will have a significant impact on the international tax landscape of multinational enterprises (MNEs) across most jurisdictions worldwide. With two pillars, the proposal introduces measures to reallocate certain amounts of taxable income to market jurisdictions (Pillar One) and

1 "Transfer pricing and customs valuation – a conflict for eternity? An attempt to view this conflict at a global scale," *TradeWatch* Issue 1 2024, page 14.

2 CJEU 15 December 2016, C-529/16 (Hamamatsu Photonics), ECLI:EU:C:2017:984.

3 "Transfer pricing and customs valuation – a conflict for eternity? An attempt to view this conflict on a global scale. Part II," *TradeWatch* Issue 2 2024, page 12.

4 "Base erosion and profit shifting (BEPS)," *OECD website*. Find it here.



establish a global minimum tax rate at 15% (Pillar Two). Pillar One consists of Amount A and Amount B, of which we will only consider Amount B in this article.

Pillar One Amount B specifically focuses on simplifying and standardizing the rules for attributing profits to baseline marketing and distribution activities conducted in different jurisdictions. It aims to create a fixed return for baseline marketing and distribution activities, providing greater tax certainty and reducing the likelihood of disputes between tax authorities and businesses (expected to address between 30% and 70% of all current TP disputes in some covered jurisdictions).[5] By establishing a fixed return for these activities, Amount B aims to reduce the need for detailed TP documentation (including benchmarking studies) and lengthy audits, which can be resource-intensive for both tax administrations and businesses.

In summary, Amount B is part of the OECD's efforts to modernize international tax rules and create a more stable and predictable tax environment for businesses operating across borders. From the standpoint of customs, these developments may be interesting to assess in closer detail. As enterprises navigate the landscape of emerging regulations and their impact on TP and corporate tax outcomes, MNEs are prompted to consider whether adjustments in profit allocation also necessitate a re-evaluation and meticulous coordination of the customs valuation of the goods. This consideration arises from the recognition that transfer prices may be referenced to determine whether the intercompany price is affected by the relationship between related parties, thereby influencing the customs value of the goods in question. Consequently, the significance of newly arising profit allocation rules driven by direct taxation must be acknowledged as important in the context of customs valuation.

This perspective is reinforced by the implementation objectives of Amount B, which fundamentally seeks to set profit margins that approximate an arm's-length outcome within the respective jurisdiction. As highlighted in our earlier articles of this series, the principal obstacle for retrospective TP adjustments in terms of customs valuation hinges on the verification that the established transfer price is not influenced by the relationship of the parties.

The following sections of this article seek to examine the potential ramifications that the novel profit allocation guidelines, as outlined in the OECD's BEPS 2.0 proposal, may have on the customs valuation of goods imported into jurisdictions covered by the proposal. This analysis is exclusively concentrated on Amount B of Pillar One within the BEPS 2.0 initiative and does not encompass any deliberations pertaining to Amount A of Pillar One or any aspect of Pillar Two.

5 "Pillar One Update from the Co-Chairs of the Inclusive Framework on BEPS," 13 January 2025. Find it here

6 "Taxing Virtual Currencies," *OECD website*, 12 October 2020. Find it here

7 "Pillar One - Amount B," *OECD website*, 19 February 2024. Find it here

Amount B of BEPS 2.0 Pillar One: timeline, scope, covered industries and jurisdictions

Timeline

The OECD's journey toward refining the BEPS initiative, with a particular focus on Amount B, has been marked by a series of critical developments:

- The process commenced with an initial report addressing the challenges of digital taxation on 12 October 2020.[6]
- Subsequent milestones included two rounds of public consultation in December 2022 and July 2023, paving the way for the publication of the Amount B report in February 2024,[7] which was then incorporated in the OECD Transfer Pricing Guidelines (Annex to Chapter IV).
- Subsequent guidance was released in June 2024 regarding jurisdictions applying certain pricing adjustments (i.e., qualifying jurisdictions), as well as jurisdictions for which members of the Inclusive Framework (IF) make a political commitment to respect the outcome of Amount B under certain conditions (i.e., covered jurisdictions).
- In December 2024, the OECD also released a fact sheet that explains, step-by-step, the application of Amount B and an automated tool for pricing the return on sales for baseline distribution activities under Amount B.
- This sets the stage for the initial application of these guidelines in fiscal years commencing on or after 1 January 2025.

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A list of jurisdictions that have confirmed the adoption of Amount B has not yet been published on the OECD website and is not available at the time of this article's publication.

Transactions in scope of Amount B.

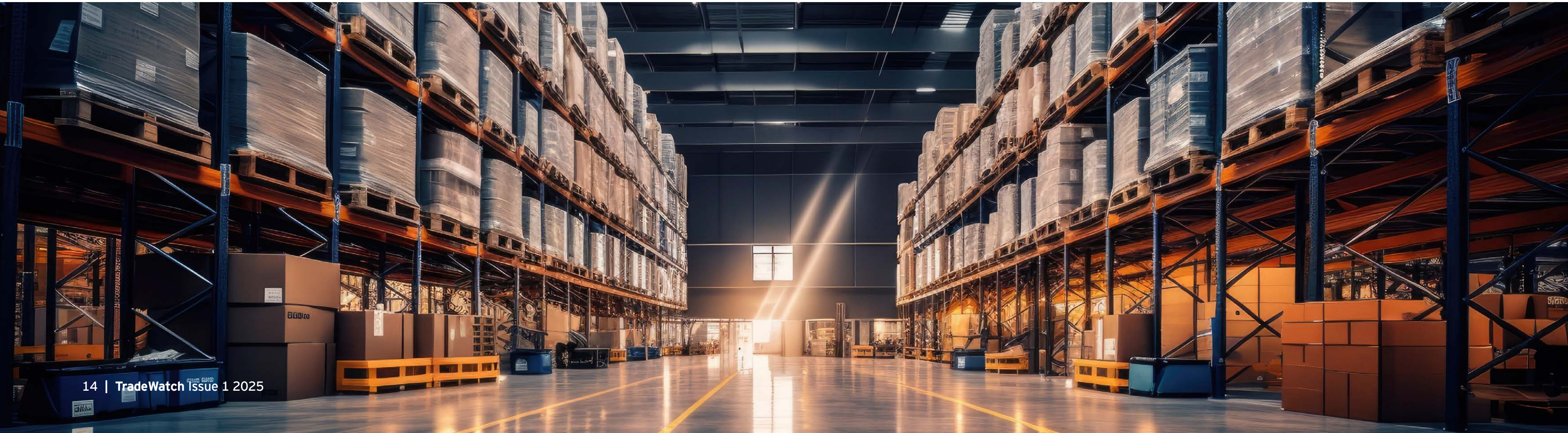
Amount B differs from both Pillar One Amount A and Pillar Two in that it does not impose a revenue threshold, making it broadly applicable. It is important to note that only selected transactions qualify for Amount B. The high-level transactional scope is outlined below:

- The Amount B qualifying transactions primarily focus on buy-sell marketing and distribution transactions, where physical goods are purchased from associated enterprises for wholesale distribution to unrelated parties, as well as sales agency and commissionaire transactions that aid in wholesale distribution. Consequently, Amount B regulations are pertinent solely to wholesale distribution activities, while other operations, including manufacturing and research and development, fall outside the scope of these regulations.
- To qualify for Amount B, a transaction must further meet certain criteria, demonstrating characteristics that allow for reliable pricing using a one-sided transfer pricing method with the distributor, sales agent or commissionaire as the tested party. This implies that the distributor operates at limited risk, i.e., not owning unique and valuable intangibles nor assuming economically significant risks.[8]
- Finally, the scope of Amount B explicitly excludes transactions involving the distribution of non-tangible goods and services, as well as the marketing, trading or distribution of commodities, for which a specific definition is provided to clarify this exclusion.

8 Additional quantitative scoping criteria covering the operational expenses to revenues ratio also apply to ensure that the distributor can effectively qualify as an in-scope tested party

Covered industry groupings

The arm's-length range, as determined by the pricing matrix, is categorized into three industry groupings and five levels of operating asset and operating expense intensities, resulting in 15 subcategories and distinct potential return on sales. These arm's-length outcomes range from a 1.50% to 5.50% return on sales. Should a taxpayer's reported return on sales fall outside the range of 0.5% above or below the specific data point relevant to their circumstances, an adjustment to the return will be required to align with the established arm's-length standard.



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The three industry groupings are as follows:

- **Group 1** – perishable food; grocery; household consumables; construction materials and supplies; plumbing supplies; and metal.
- **Group 2** – IT hardware and components; electrical components and consumables; animal feeds; agricultural supplies; alcohol and tobacco; pet foods; clothing, footwear and other apparel; plastics and chemicals; lubricants; dyes; pharmaceuticals; cosmetics; health and wellbeing products; home appliances; consumer electronics; furniture; home and office supplies; printed matter; paper and packaging; jewelry; textiles; hides and furs; new and used domestic vehicles; vehicle parts and supplies; mixed products; and products and components not listed in Group 1 or 3.
- **Group 3** – medical machinery; industrial machinery, including industrial and agricultural vehicles; industrial tools; industrial components; and miscellaneous supplies.

Build-up of the price

To understand the calculations behind the targeted return on sales (and transfer price used as the basis for customs valuation purposes in this respect), the steps that Amount B follows to price in-scope transactions are summarized here:

1. First, the pricing matrix should be utilized to assess the applicable industry subcategory and ascertain the appropriate return on sales, considering the distributor's specific industry sector, and the intensity of its operating expenses and operating assets.
2. As a next step, the operating expense cross-check manages anomalous results and adjusts the distributor's EBIT to the pre-defined cap or collar rate based on the intensity of its assets, if needed.
3. Eventually, an upward adjustment using the data availability mechanism for qualifying jurisdictions should be applied. Where there is no data or there is insufficient data in the global data set for a particular qualifying jurisdiction, the adjustment is based on the sovereign credit rating of the jurisdiction.

Jurisdictions in scope

Jurisdictions may opt to apply Amount B to qualifying transactions of their in-scope tested parties as a rule or as a taxpayer safe harbor, in which case the taxpayer would decide on whether they would apply Amount B.

Multiple jurisdictions have formally expressed their political support for the implementation of Amount B. However, we have seen that many OECD member jurisdictions and other industrialized regions, such as Australia, Canada and New Zealand, have significant reservations regarding the adoption of Amount B for their taxpayers.

In addition, while Denmark, Germany, Ireland, the Netherlands and the UK[9] recently validated the political commitment made by the IF members for respecting the outcome of Amount B and issued legislation or guidance in this respect, none of them expressed an intention to adopt Amount B for their taxpayers.

Nevertheless, an effective implementation of Amount B remains critical for jurisdictions that would benefit from a reduction in controversy cases in this area, such as Mexico.

Similar to other elective approaches in the OECD Transfer Pricing Guidelines, the outcome determined under this approach is non-binding on the counterparty jurisdiction where the associated enterprise is located. As a consequence, and for the purpose of Amount B, members of the IF, subject to their domestic laws and administrative practices, commit to respecting outcomes determined under this approach when applied by a so-called "covered jurisdiction" by taking reasonable steps to relieve potential double taxation that may arise from the application of Amount B where there is a bilateral tax treaty in effect between the relevant jurisdictions.

9 The United States went further – the US Internal Revenue Service announced, in addition to the political commitment as IF member, its intention to apply the simplified and streamlined approach (SSA) of Amount B as a safe harbor approach for tax years 2025 and beyond for its own taxpayers. However, this signal should be monitored in light of the geopolitical developments.

Below is the list of jurisdictions that will benefit from the political commitment of IF members as covered jurisdictions to eliminate potential double taxation, should they effectively apply Amount B.[10]

List of cover jurisdictions for the IF political commitment on Amount B – June 2025

- Albania
- Angola
- Argentina
- Armenia
- Azerbaijan
- Belarus
- Belize
- Benin
- Bosnia and Herzegovina
- Botswana
- Brazil
- Burkino Faso
- Cabo Verde
- Cameroon
- Congo
- Costa Rica
- Cote d'Ivoire
- Democratic Republic of the Congo
- Djibouti
- Dominica
- Dominican Republic
- Egypt
- Eswatini
- Fiji
- Gabon
- Georgia
- Grenada
- Haiti
- Honduras
- Jamaica
- Jordan
- Kazakhstan
- Kenya
- Liberia
- Malaysia
- Maldives
- Mauritania
- Mauritius
- Mexico
- Moldova
- Mongolia
- Montenegro
- Morocco
- Nambia
- Nigeria
- North Macedonia
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Saint Lucia
- Saint Vincent and the Grenadines
- Samoa
- Senegal
- Serbia
- Sierra Leone
- South Africa
- Sri Lanka
- Thailand
- Togo
- Tunisia
- Ukraine
- Uzbekistan
- Vietnam
- Zambia

Relevance for the customs value of goods imported into covered jurisdictions

As the Amount B regulations pertain to the rules for profit allocation as outlined in the OECD framework for TP methodologies, they may also have consequences for the customs value of goods imported into jurisdictions covered by these regulations. Unfortunately, the list does not comprise jurisdictions such as China and the US. However, the markets listed are typically ones where challenges arise around customs values between related parties, so Amount B might serve as another source of argument to defend the declared customs values.

10 "Statement on the definition of covered jurisdiction for the Inclusive Framework political commitment on Amount B," *OECD report*, 2024. Find it here

While the practical application and interpretation by the respective customs authorities remain to be seen, we believe it is prudent to commence investigation into this matter for two main reasons:

- **In-scope transactions:** By its nature, Amount B appears to specifically encompass transactions that are significant for customs valuation, namely the supply of goods that may be part of import transactions and thus require valuation from a customs perspective.
- **Covered jurisdictions:** Regarding the customs valuation of imported goods into specified jurisdictions, Amount B holds particular relevance for those areas, which are predominantly situated in developing regions, such as South America (notably Brazil), Africa (specifically Egypt and Morocco), and Southeast Asia (particularly Thailand and Vietnam), benefitting from favorable treatment in relation to the avoidance of double taxation by the IF. We recognize these countries are of strategic importance to businesses due to their substantial import volumes, for their strategic ambitions to grow and the role they play in serving their respective markets. However, at the same time, it is acknowledged that these jurisdictions present more complexities in accurately reflecting intercompany transactions within the customs value. We discussed this in our article in *TradeWatch* Issue 2 2024[11] and further elaborated for the Asia-Pacific region in *TradeWatch* Issue 3 2023.[12]

When examining the relationship between Amount B and the conventional calculations used to determine margin figures in margin-based transfer pricing methodologies it becomes pertinent to consider the implications of Amount B for customs valuation disputes in related-party transactions.

Businesses operating within the scope of Amount B regulations will receive guidance on establishing their operating margins by categorization into one of 15 subcategories, arrived at by classifying the business under the three industry groupings with further classification based on levels of operating assets and operating expenses. The assignment of a predetermined return on sales (ROS), reflective of the transactions and activities conducted by the business, aims to minimize disputes between businesses and tax administrations. This will lead to a foundation for the customs value that is streamlined for industry-specific and more standardized structures regarding the relevant operating margin (targeted ROS), provided that the goods are sourced from one location.

While it is understood that retrospective TP adjustments may still occur to achieve the desired ROS as specified in the relevant subcategories, the objective is to provide greater legal certainty at the time the price is established. This aligns with the OECD's broader tax certainty agenda. As a result, this could also influence how companies defend their pricing strategies from a customs valuation perspective, so that the prices are not affected by the relationship between the parties involved.

In essence, the predominant challenge of calculating the customs value based on transfer prices persists for Amount B transactions. Since there is a mechanism for adjusting prices at the end of the reporting period, the price at the time of import continues to be of a preliminary nature. Therefore, it does not qualify as the transaction value from a formal perspective, as the price at the time of import is not fixed and may still be amended.

However, it could be argued that Amount B provides a further developed basis for calculating the intercompany (IC) price and ROS due to its calculation methodology being based on an industry-specific defined profit range. This formula allows an independent third party to calculate the IC price, including potential subsequent TP adjustments. In turn, this could further support the view that Amount B can be used to determine the transfer price as the customs value (regardless of the method) based on a predefined rationale accepted by local legislation. It is hoped that this approach will drive changes to simplify the application of transfer prices for customs valuation purposes in terms that customs authorities' find acceptable.

11 *TradeWatch* Issue 2 2024, page 12.

12 "Asia-Pacific: Interplay between transfer pricing and customs valuation," *TradeWatch* Issue 3 2023, page 18.

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Summary

After focusing on the interplay of the transfer price and the customs value via three articles over the last year, it remains evident that there is no global single solution to pragmatically and simply align transfer pricing and customs valuation.

As part of this last article, we aimed to demonstrate that international efforts impacting intercompany pricing, including those by the OECD, are also important to monitor from a customs valuation perspective. In our opinion, this seems particularly crucial for the Pillar One Amount B provisions, given the high relevance for customs valuation purposes of the transactions and jurisdictions potentially covered by the provisions. In our experience, importers worldwide are looking forward to an integrated, bulletproof solution to combine TP and customs value.

Referring to the composition of the transfer price, the new provisions serve as the basis for calculating the customs value in intercompany transactions. This provides room to expand the debate about whether the price has been influenced by the relationship between the parties. It could be hoped that the business segment categorization used in calculating the operating margin component of the transfer price of Amount B may support the argument that the price is not influenced by the relationship between the parties. However, the main challenge persists arising from the preliminary nature of the TP with the potential for retrospective adjustments, which may conflict with the relevant point in time for assessing the customs value. The interpretation of this point by customs authorities remains to be seen.

This topic seems likely to only become more crucial to address in the coming months and years. The increasing importance of customs tariffs[13] will also raise the importance of customs valuation, hence the interplay between TP and valuation will likely increase customs authorities' interest in this topic around the globe. Expecting regional and local interests to drive the next four to five years, customs authorities should aim even more for an aligned approach of customs valuation and transfer pricing, with full application of the TP methodology by customs, accepting retroactive adjustment upward and downward to result in fair competition and an equal tax and duty bill for all importers.

In summary, the landscape of global customs valuation approaches in intercompany transactions remain unclear. Complexities arise from the differing treatment of upward and downward TP adjustments in recent controversial cases, individual jurisdictions' varying approaches and interpretations from a customs valuation perspective, and new global initiatives on transfer pricing. Businesses need to be aware of these factors and adopt a proactive and interdisciplinary approach to dealing with transfer prices and customs valuation. The development of Amount B seems further proof that the customs valuation for goods traded between related parties is inherently intertwined with transfer pricing. This close relationship supports the concept of integrating customs departments, at least on a strategic and tactical level, into tax teams within the organization.

This integration may be enabled by transfer pricing and customs valuation, governed by global principles, which favors the adoption of a structured approach to TP and customs.

13 "How tax and trade leaders can prepare for global tariff disruption." *EY website*. Find it here

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The impact of emerging digital sovereignty on global trade flows

The impact of emerging digital sovereignty on global trade flows

One of the core themes identified in the EY Geostrategic Outlook[1] that is expected to drive transformation agendas in 2025 is the likely shift of policies from recently elected governments toward enhanced economic competitiveness and sovereignty, adoption of increased trade protectionism, and targeted industrial policies. One such policy area is digital sovereignty.

In today's global economy, growth in services, especially digitally delivered services, is outpacing growth in goods trading exponentially. In parallel, in a world where 70% of new value is expected to be delivered by digital technology adoption,[2] the imperative to foster cross-border data flows – with appropriate protection measures – is clear. However, the outlook predicts the opposite trend is unfolding: a 1-point increase in data restrictiveness can cut a country's gross trade output by 7%.[3]

This article explores the potential impact of upcoming protectionist measures covering cross-border data transfer on international trade flows.

Digitally delivered services growth dominates

Cross-border data flows represent the movement of data across international boundaries, enabled by digital technologies and communications networks, and fueled by e-commerce, digitization of personal and business processes, and new business models. The rise of artificial intelligence (AI) is expected to exponentially increase cross-border data flows.

Research indicates that between 2005 and 2016, the volume of data flows (measured in terabits per second) has surged dramatically, increasing by 45 times.[4] In contrast, traditional value flows from physical goods and services have not kept pace with global nominal GDP growth. According to United Nations Trade and Development (UNCTAD), in 2023, the global export value of goods decreased by 4.3%, with total exports reaching USD23.8t, while global services exports increased strongly at 8.3%, reaching USD7.9t.[5] The biggest exporters of services were the US, the UK and Germany, followed closely by China, India and Singapore.

1 "Top 10 geopolitical developments for 2025," *EY website*, 12 December 2024.

2 "For inclusive growth, leaders must embrace a global and open economic future," *World Economic Forum*, 18 January 2023. Find it here

3 "Restrictions on International Data Flows Have Doubled in Four Years, With Measurable Economic Consequences, ITIF Reports," *Information Technology and Innovation Foundation*, 19 July 2021. Find it here

4 "Data flows across the world. This is the impact on GDP," *World Economic Forum*, 12 January 2017. Find it here

5 "Handbook of Statistics 2024," *UNCTAD*, 2025. Find it here

Also according to UNCTAD, the highest growth in services exports can be seen in telecommunication, computer and information services across all geographies, followed by financial services, intellectual property and other services. This data points toward a clear trend: significantly faster growth in digitally delivered services, which relies more heavily on cross-border data flows.

In 2023, growth in these categories overshadowed growth in transport and tourism services, with USD4.5t from global export of digitally deliverable services.[6] While these statistics do not measure the value of the cross-border data itself, 2017 World Economic Forum (WEF) research found that the value of data flows was already closely matching that of global trade in physical goods, indicating its significance and contribution to the global economy.[7]

Troubling trends

According to the World Bank's 2020 World Development Report, eliminating restrictive data policies could enhance productivity by an average of 4.5% across countries.[8] Conversely, other studies indicate that a 1% rise in data flow restrictions may lead to a 7% reduction in a country's gross trade output and a 2.9% decline in productivity.[9] There is a clear upside potential for effective cross-border data flows that can contribute to global GDP and development, innovation and social welfare through enhancing innovation, productivity, and international trade. However, concerns remain, primarily among governments, regarding privacy, security, sovereignty and data protection.

Numerous initiatives aim to address these issues, increasingly connected to governance of AI;[10] however, there is a divergence of regulations, which may impede rather than facilitate data sharing, for example:

- **Data localization requirements:** Some regulations require data to be stored in the country of origin, while other regulations allow transfers under strict conditions (e.g., the General Data Protection Regulation (GDPR)).
- **Data protection standards:** Some regulations, including the EU GDPR, set high standards, whereas other regions may have less stringent rules.
- **Government access to data:** Concerns about surveillance influence data flow regulations.
- **Exemptions and special provisions:** Certain sectors may receive exemptions for data flows.
- **Economic and trade considerations:** Economic goals can shape data flow regulations, highlighting the need for harmonized standards.

Current G20 regulatory landscape for international data flows

G20 members currently have a number of unilateral, bilateral and multilateral policies in place that regulate cross-border data flows. Unilateral measures are the dominating approach in G20 countries, potentially creating restrictions to cross-border data flows and collaboration. They cover requirements for government approval for data transfers, consent requirements and, increasingly, data localization requirements, focusing predominantly on health and financial services sectors. There are far fewer bilateral approaches, which aim to remediate restrictions, especially regarding personal data protection, and a very limited number of multilateral approaches in place.

Examples of these measures include the US regulators likely enforcing the 2024 law that bans data brokers from sharing personally identifiable sensitive information with China and Russia.[11] The EU will maintain its comprehensive data regulatory agenda, while regulatory activity in the Middle East, South America and Africa is expected to grow.

Anticipated impact on businesses

There are many areas that are likely to have an impact on businesses, some of which are still emerging, including:

Cross-border data flows concerning climate change and supply chain derisking

Cross-border data sharing is imperative for the scientific community to identify optimal climate and other environmental solutions. For businesses,

6 "Developing economies surpass $1 trillion mark in digitally deliverable services exports," *UNCTAD*, 6 December 2024. Find it here

7 "Data flows across the world. This is the impact on GDP," *WEF*, 12 January 2017. Find it here

8 "World Development Report 2020: Trading for Development in the Age of Global Value Chains," *World Bank*, 2020. Find it here

9 "How Barriers to Cross-Border Data Flows Are Spreading Globally, What They Cost, and How to Address Them," *Information Technology and Innovation Foundation*, 19 July 2021. Find it here

10 "Regulating Cross-Border Data Flows: Harnessing Safe Data Sharing for Global and Inclusive Artificial Intelligence," *United Nations University Technology Brief*, October 2023. Read it here

11 "2025 Geostrategic Outlook: how geopolitics is driving transformation," *EY-Parthenon*, December 2024. Find it here

it is essential to integrate information on climate and environmental aspects of supply chains and climate competitiveness data into their supply chain strategies. Companies also face regulatory requirements to report environmental and climate data under the EU end-to-end value chains, for example, the EU Carbon Border Adjustment Mechanism (CBAM)[12] and EU Deforestation Regulation (EUDR),[13] the EU Ecodesign for Sustainable Products Regulation,[14] and the Digital Product Passport. Domestic legislation that hinders sharing certain data categories (e.g., geospatial or operational data) may pose noncompliance risks for multinationals or their ecosystem partners.

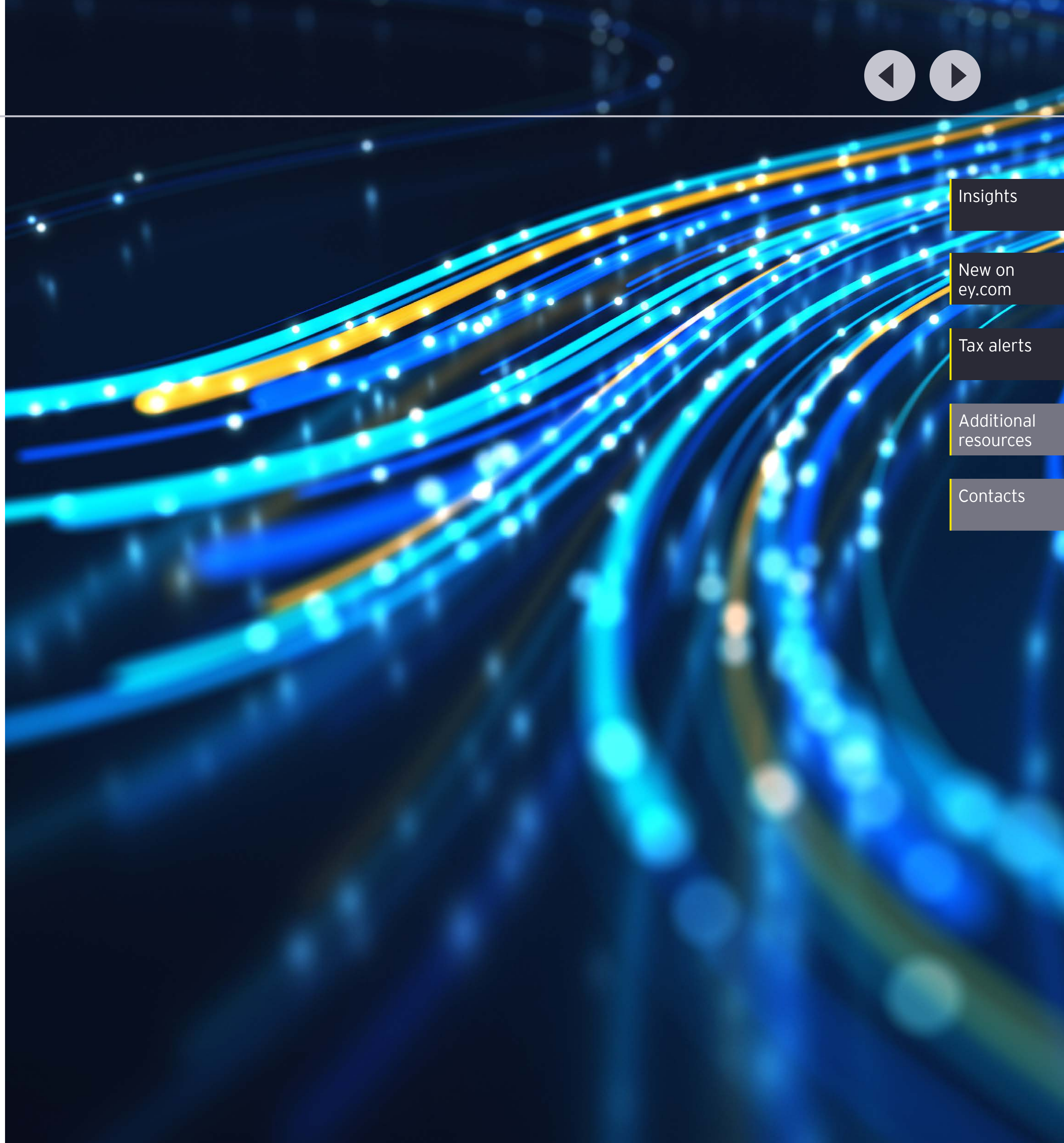
Cross-border data flows and new developments in AI

Cross-border data flows are crucial for the global development and application of AI. To make best use of AI's societal benefits, a harmonized regulatory approach is necessary, prioritizing ethical AI use, individual data rights and equity. However, the merging digital sovereignty trend coupled with existing regulatory patchworks may hinder global AI deployment and limit data access.

12 For more information on the EU CBAM, please refer to recent editions of *TradeWatch*.

13 For further information on the EUDR, please refer to "EU: Deforestation Regulation: an underestimated challenge," *TradeWatch* Issue 3 2024, page 72, and "EU: Fight against global deforestation," *TradeWatch* Issue 2 2023, page 33.

14 For more information, see our article "EU: Ecodesign and Sustainable Product Regulation," *TradeWatch* Issue 3 2024, page 76.



Anticipated impact of cross-border data flow restrictions on different sectors

Most sectors will be impacted by digital sovereignty, in particular, localization of data requirements or restriction of sharing data – operational, personal and other data categories.[15] While all sectors will be impacted, technology, telecommunication and financial services will be significantly impacted due to high services growth. Impact on the health care and life sciences sectors has the largest potential for social welfare loss. Industrial manufacturing and consumer goods sectors will also be increasingly impacted due to growing reliance on digitization production, product delivery, ongoing maintenance and customer experience.

Health care and life sciences

Cross-border data flow is crucial for sustainable development in health care, enabling the exchange of medical information, research data and improvement of patient care. Health care organizations aim to leverage AI to transform health care delivery while ensuring patient safety.

However, as governments emphasize digital sovereignty, they are likely to regulate AI use in health care due to potential risks associated with flawed algorithms and misuse of personal health data. New localization requirements could limit access to cross-border data for research and restrict market opportunities, particularly in countries with less favorable political or economic relations.

Technology and telecommunications

As the sector with the highest cross-border exports growth globally, according to UNCTAD, and also a critical sector for many governments, technology and telecommunications are firmly at the center of geopolitical developments. In 2025, companies will need to navigate a complex landscape requiring de-risking and dependency policies, as well as policies emphasizing digital sovereignty, and establishing localization requirements and national privacy laws. It is expected that companies will collaborate more with international and multilateral organizations to promote international collaboration and prevent fragmented digital sovereignty regulations that could hinder AI advancements.

Financial services

In banking and capital markets, protectionist policies may lead to a more fragmented regulatory landscape for international banks. Compliance across different regions will become increasingly complex and costly, affecting core compliance and risk management areas, as well as emerging issues like AI and data privacy. Wealth and asset managers will increasingly focus on geopolitics in their capital allocation decisions, as geopolitical rivalries and regulations may restrict investments in specific markets. While some firms adopt de-risking strategies and divest from certain countries to enhance operational and portfolio resilience, firms appropriately optimizing technologies like AI may fare better overall.

Next steps for businesses

- Keep abreast of legislative proposals and developments for new laws and regulations relating to data, AI and international trade, and any intersection thereof.
- Establish and review on an ongoing basis governance for data and technology. Proliferation of data localization and data protection laws will continue to complicate cross-border data sharing, both within and across companies, at least in the short term.
- Include anticipated developments concerning cross-border data flows in future strategy and investment scenario planning, alongside other emerging trends, such as tariffs on goods.
- Include cross-border data trends and plans in supply chain restructuring considerations involving onshoring, nearshoring and friendshoring digital and technology supply chains and the associated impact on operating models and clustering of country collaboration. ■

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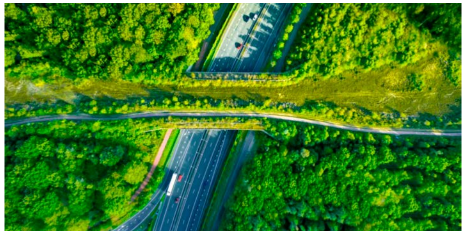

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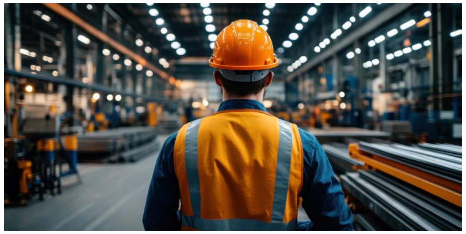

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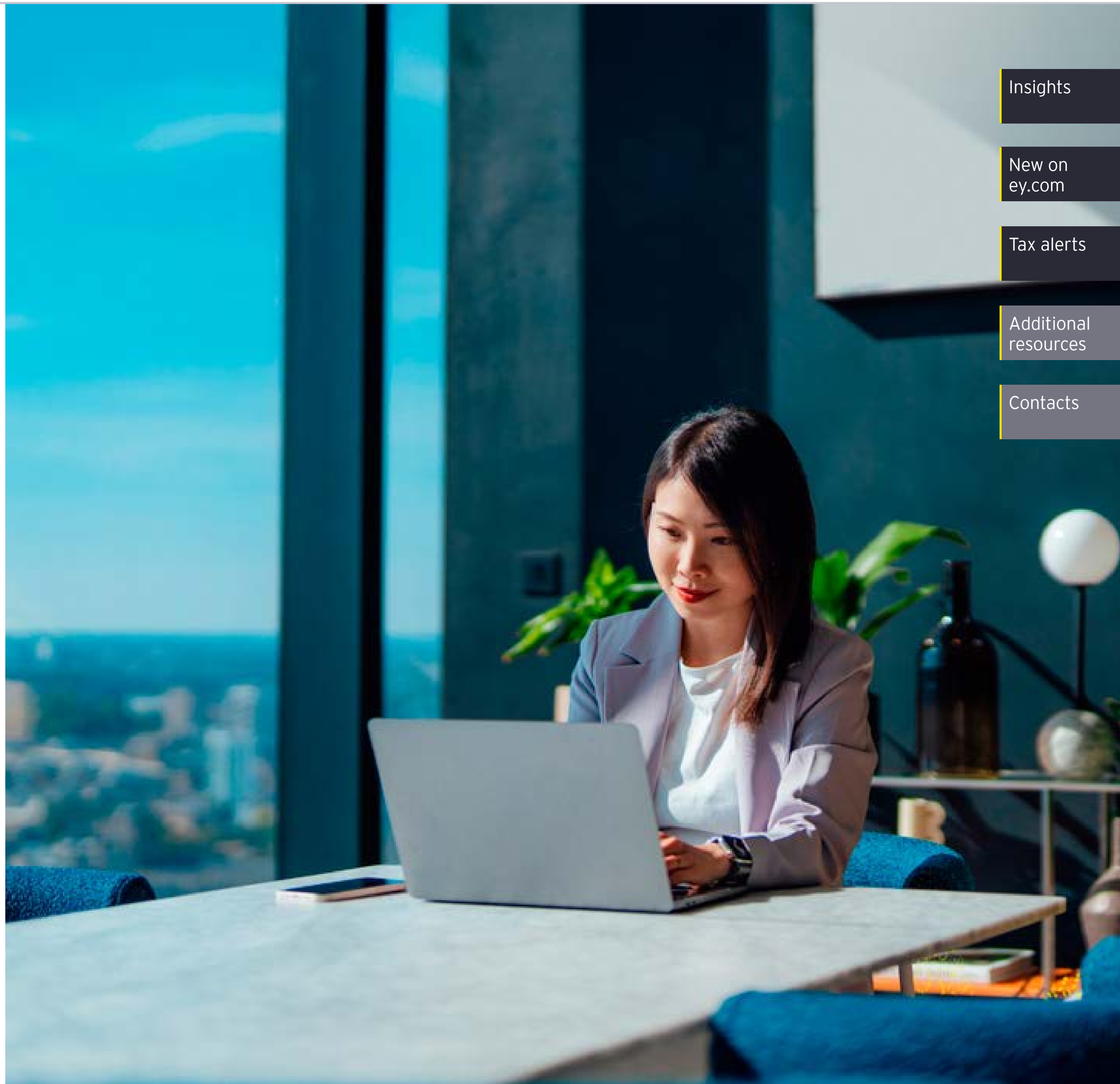

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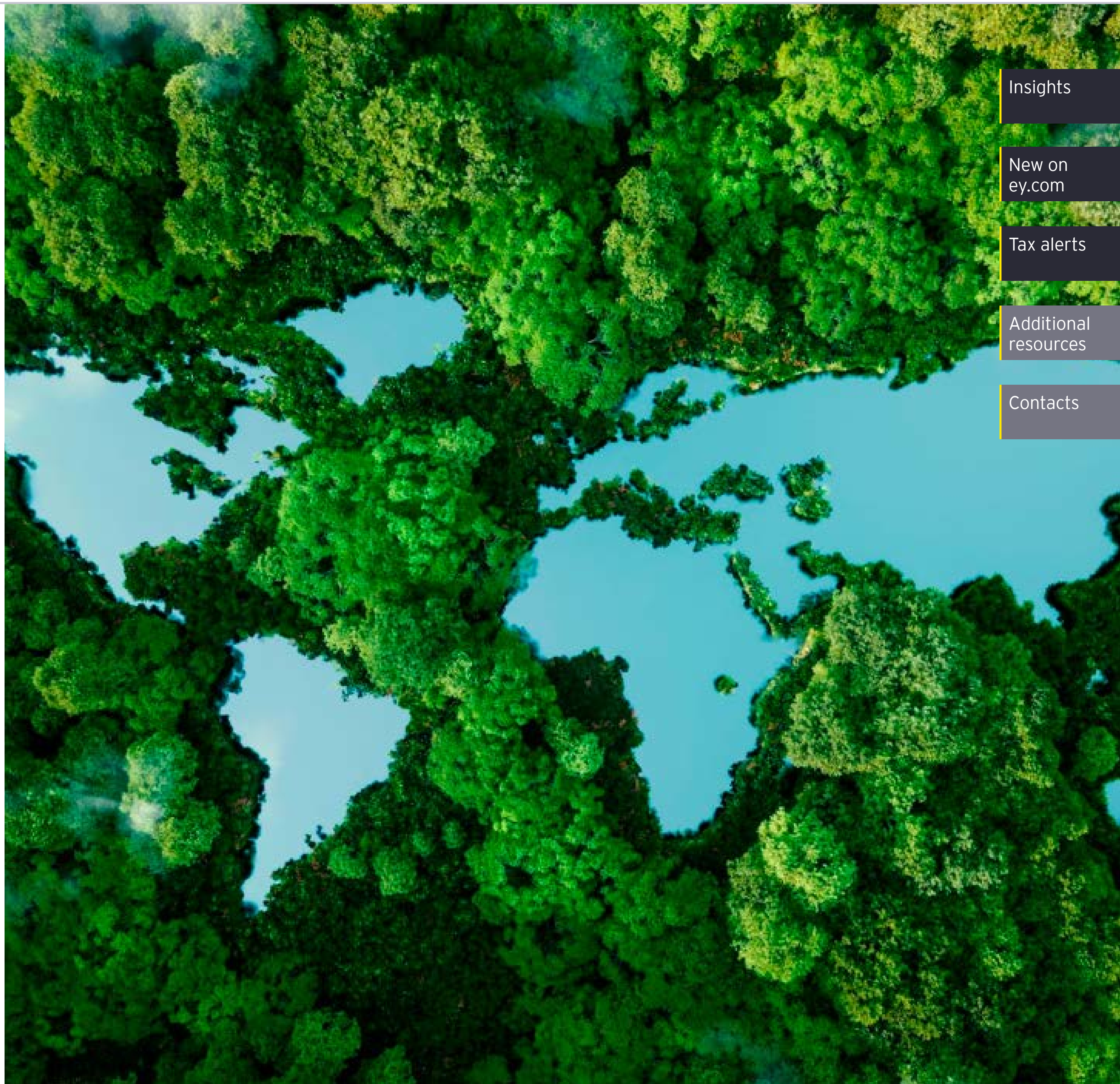

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Outlining value-added tax (VAT), goods and services tax (GST) and sales tax systems in 150 jurisdictions, the 2025 edition of our annual reference book is now available to download as a pdf. The content is current as of 1 January 2025.

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At the back of the Guide, you will find lists of the names and codes for the national currencies and the VAT, GST and Sales Tax rates for the jurisdictions covered.

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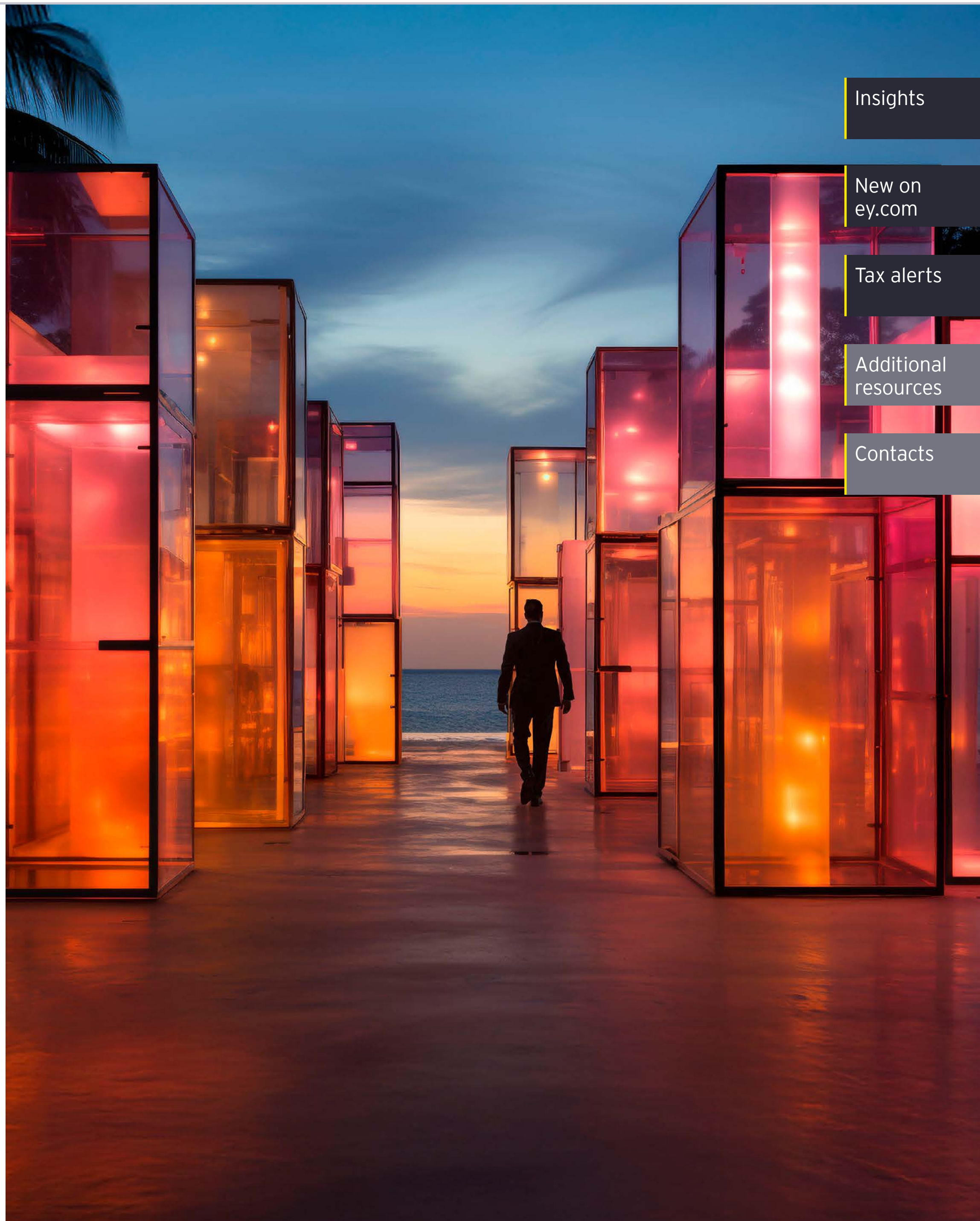

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- EU postpones countermeasures to US tariffs to mid-April 2025
  (24 March 2025)
- Canada imposes new tariffs on US-origin products in response to US tariffs on Canadian steel and aluminum products
  (17 March 2025)
- EU responds to US tariffs on steel and aluminum
  (14 March 2025)
- European Union and Canada counter US steel and aluminum tariffs with retaliatory measures
  (13 March 2025)
- Canada responds to US Executive Orders imposing tariffs on imports originating in Canada
  (11 March 2025)
- US adjusts tariffs on Canada and Mexico in response to automotive industry concerns
  (07 March 2025)
- United States imposes additional tariffs on Canada and Mexico, raises additional tariffs on China
  (05 March 2025)
- US initiates investigation into imports of timber, lumber and their derivative products
  (04 March 2025)
- US initiates investigation into imports of copper, scrap copper and copper derivatives
  (26 February 2025)
- US initiates review of other countries' imposition of Digital Services Taxes on US companies and opens comment period on nonreciprocal trade arrangements
  (25 February 2025)
- US modifies and expands tariffs on steel and aluminum imports, citing national security
  (18 February 2025)
- United States initiates review to determine reciprocal tariffs on all trading partners
  (14 February 2025)

Insights

New on ey.com

Tax alerts

Additional resources

Contacts

Asia-Pacific

Australia

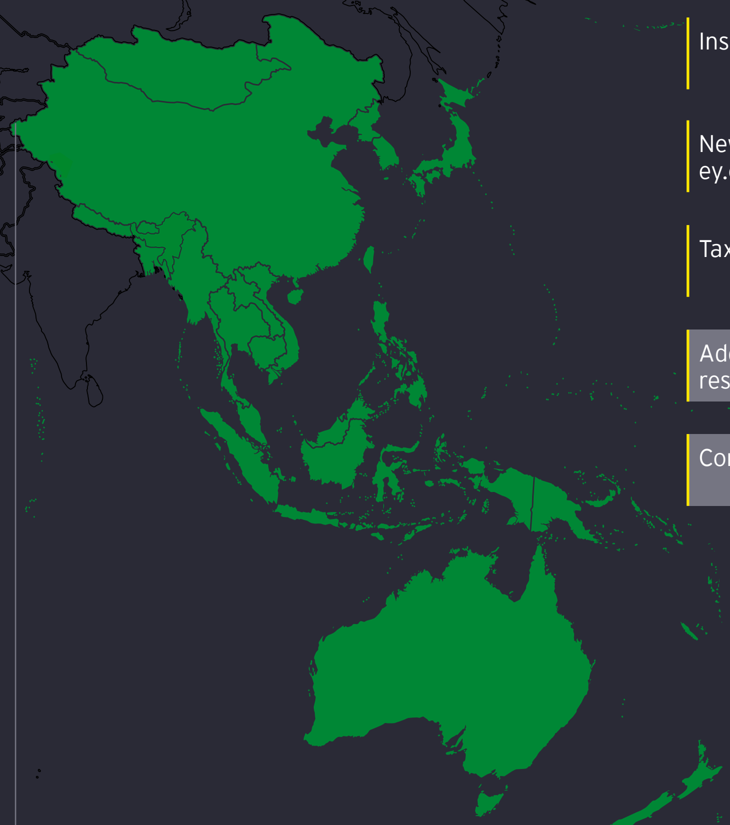
- Australia's 2025-26 Federal Budget – two year freeze on beer excise
  (27 March 2025)

China

- US suspends President Trump's Reciprocal Tariff Policy for 90 days, except for China
  (11 April 2025)
- US imposes reciprocal tariffs against trading partners and ends duty-free treatment for low-value shipments from China
  (03 April 2025)
- Canada-China trade relations – March 2025 key developments
  (31 March 2025)
- United States imposes additional tariffs on Canada and Mexico, raises additional tariffs on China
  (05 March 2025)

Global

- Trade Talking Points | Latest insights from EY's Trade Strategy team – March 2025
  (28 March 2025)
- Trade Talking Points | Latest insights from EY's Trade Strategy team – February 2025
  (21 February 2025)



Europe, Middle East, India and Africa

EU

- EU publishes countermeasures against US tariffs while suspending implementation
  (16 April 2025)
- EU | United States to impose Reciprocal Tariffs on goods originating from the European Union
  (03 April 2025)
- EU postpones countermeasures to US tariffs to mid-April 2025
  (24 March 2025)
- European Commission sets conditions and procedures for authorized CBAM declarants
  (20 March 2025)
- EU responds to US tariffs on steel and aluminum
  (14 March 2025)
- European Union and Canada counter US steel and aluminum tariffs with retaliatory measures
  (13 March 2025)
- European Commission releases Omnibus Package I proposal to simplify EU Carbon Border Adjustment Mechanism regulation
  (03 March 2025)
- European Commission announces initiatives to improve competitiveness and adopts 2025 Work Programme
  (25 February 2025)

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- Trade Talking Points | Latest insights from EY's Trade Strategy team – March 2025
  (28 March 2025)
- Trade Talking Points | Latest insights from EY's Trade Strategy team – February 2025
  (21 February 2025)

Kenya

- Kenya Tax Appeals Tribunal rules that packaging materials can qualify for excise duty relief under certain circumstances
  (26 February 2025)

Saudi Arabia

- Saudi Arabia announces 21st wave of Phase 2 e-invoicing integration
  (03 March 2025)

Uganda

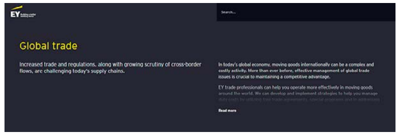
- Uganda issues Tax Amendment Bills for 2025
  (07 April 2025)

United Kingdom

- UK e-invoicing consultation published
  (17 February 2025)

Additional resources

Insights
New on ey.com
Tax alerts
Additional resources
Contacts



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Insights
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Tax alerts
Additional resources
Contacts

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Insights
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Tax alerts
Additional resources
Contacts

Global and Trade knowledge team contacts
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