Italy-America Chamber of Commerce 1887

NAVIGATING ITALY-US COMMERCIAL POLICIES

JOINT TRADE & TARIFFS COMMITTEE

BRIEFING – APRIL EDITION 2026

EU–US Trade Relations in a Shifting Tariff Landscape

On April 2, 2025 President Trump identified the European Union among 57 economies deemed to contribute to the US trade imbalance and announced the introduction of so called "reciprocal tariffs" under the International Emergency Economic Powers Act (IEEPA). This marked the beginning of a period of heightened political engagement that ultimately led the United States and the European Union to sign the ***Framework on an Agreement on Reciprocal, Fair and Balanced Trade*** on August 21, 2025.

Under the Framework Agreement, the European Union agreed to eliminate tariffs on US industrial goods and to provide preferential access for selected agricultural and fishery products through tariff-rate quotas. For its part, the United States established a general tariff ceiling of 15% for the vast majority of EU products, while extending most-favored-nation treatment to certain strategic goods. The Framework nonetheless did not alter sectoral duties, most notably tariffs on steel and aluminum introduced under **Section 232 of the 1962 Trade Expansion Act**, which permits the President to take action on imports following a Commerce Department finding that they threaten to impair US national security.

The Framework, however, was soon overshadowed by legal uncertainty. On February 20, 2026 **the US Supreme Court ruled** that IEEPA does not authorize the President to impose tariffs, reaffirming that tariff authority belongs constitutionally to Congress. The decision invalidated only the tariffs imposed under IEEPA, leaving unaffected other tariff regimes established under different statutory authorities and trade agreements.

In response, the US Administration invoked **Section 122 of the Trade Act of 1974** and introduced a temporary global import surcharge of 10%. This measure partially restored tariff pressure, but within a more constrained legal framework, as Section 122 is subject to both a strict 150 daytime limit (running from February 24, 2026 to, therefore late July 2026) and a maximum rate of 15%. On February 22, 2026 Trump further announced via social media his intention to raise the across-the-board surcharge from 10% to 15%, although this has not yet been formalized.

In this context, progress toward ratification of the Framework Agreement within the European Union has been complicated by the prospect that EU exports to the United States would be subject to an applied tariff exceeding the agreed 15% ceiling, as the Section 122 surcharge would apply on top of the Most Favoured Nation (MFN) rate, thereby diverging from the Framework's terms.

At the same time, the US Administration has initiated new investigations under **Section 301 of the Trade Act of 1974** involving the European Union and other major trading partners, notably in relation to forced-labor-related trade practices and structural excess capacity. This is further complicating the European Parliament's consideration of the Framework Agreement. Section 301 is neither subject to tariff caps nor constrained by fixed temporal limits but requires a formal investigation by the US Trade Representative into whether a foreign government's acts, policies or practices burden or restrict US commerce and may then provide the basis for retaliatory trade measures. If these investigations are concluded before the temporary tariffs introduced under Section 122 expire in July 2026, they could allow the Administration to preserve continuity in its tariff policy and sustain elevated tariff levels as a central feature of US trade policy.

This broader context is also reflected in **the National Trade Estimate Report on Foreign Trade Barriers (NTE) 2026**, published by the Office of the United States Trade Representative on March 31, 2026, which identifies the continued presence of several EU barriers across areas such as import policies, regulatory processes, sanitary and phytosanitary measures, digital trade, investment and government procurement. Whereas the 2025 Report focused primarily on the design and adoption of new EU regulatory frameworks, the 2026 edition points more clearly to their implementation and enforcement. Nevertheless, the Report points to opportunities for cooperation, particularly within the Framework Agreement, suggesting that bilateral engagement continues despite structural trade frictions.

In this respect, the NTE 2026 provides a useful analytical context for understanding the Administration's renewed recourse to Section 301 investigations and other unilateral trade instruments.

Andrea De Gaspari
Head of International Network at Institutional Affairs and External Communication Area
Intesa Sanpaolo

AmCham Italy and the transatlantic corridor in times of change

For companies operating across the Italy–U.S. corridor the past year has been challenging, but it has also generated new opportunities that some have skillfully transformed into competitive advantages.

Despite the introduction of new tariff measures, Italian exports to the United States increased by 7.2% in 2025, demonstrating the resilience of transatlantic trade. The transatlantic relationship remains one of the most solid and integrated economic partnerships globally. The collaboration with the Italy America Chamber of Commerce in New York (IACC) offers our members complementary viewpoints and reinforces a coordinated transatlantic dialogue. Building on this foundation, the **Joint Trade & Tariffs Committee** was established to provide a dedicated space for analysis and exchange, bringing together leading stakeholders to better understand ongoing developments and their implications for businesses. At the same time, recent developments - including the decision of the United States Court of International Trade on IEEPA duties - highlight the level of legal and operational complexity that companies are currently facing. While these measures may open new opportunities, such as potential refunds, they also confirm how rapidly evolving trade dynamics require a more structured and informed approach.

Against this backdrop, trade flows between Italy and the United States continue to demonstrate strong resilience. Despite increased tariff pressures, bilateral exchanges have remained robust and, in several sectors, have continued to grow, confirming the structural strength and long-term relevance of the transatlantic corridor.

This briefing is intended to contribute to deeper understanding, offering insights that support companies in navigating an evolving trade environment.

Simone Crolla
Managing Director
AmCham Italy

Italy-America Chamber of Commerce supporting businesses succeed across borders

Over the past year, economic relations between the U.S. and Italy have evolved alongside shifting trade policies. Many Italian companies have expanded their presence in the U.S., focusing on local investment to manage uncertainty and support long-term growth. In fact, Italian foreign direct investment in the U.S. remains a key part of the bilateral relationship, exceeding $50 billion and spanning sectors such as manufacturing, energy, life sciences and food. Italian-owned companies support over 100,000 jobs nationwide, with many more created indirectly.

Recent tariff measures have also influenced business strategies, pushing many companies to shift from export-driven models toward local production. While this adds complexity, it has also encouraged deeper integration and a stronger long-term commitment to the U.S. market. The tri-state area continues to play a central role as both an entry point and operational hub. New York serves as a base for headquarters and financial services, while New Jersey is a leading destination for pharmaceuticals, advanced manufacturing and logistics.

Overall, the Italy–U.S. corridor remains resilient, with investment–particularly in regions like New York and New Jersey–playing a growing role in strengthening ties. This momentum underscores the durability of the bilateral relationship, with investment at its center as a key force behind growth and resilience.

In this milieu, access to guidance and cross-border collaboration has become increasingly important. Together with AmCham, the IACC supports companies on both sides of the Atlantic and, through initiatives such as the Joint Trade & Tariffs Committee, provides a platform for dialogue, analysis, and practical guidance to help businesses navigate evolving conditions.

Federico Tozzi
Executive Director
Italy-America Chamber of Commerce

NAVIGATING ITALY-US COMMERCIAL POLICIES

JOINT TRADE & TARIFFS COMMITTEE

BRIEFING – APRIL EDITION 2026

From Shock to Adaptation: The Evolving U.S. Tariff Framework and Its Effects

The US tariff landscape is evolving, but its macroeconomic impact remains relatively contained. After the Supreme Court struck down IEEPA-based measures, the administration shifted to a universal tariff under Section 122, initially at 10%. Despite these legal and policy changes, the average effective US tariff is expected to remain within a narrow range of roughly 8.8–9.4% by end-2026, with limited implications for growth and inflation. Importers have absorbed a significant share of the added costs, while targeted exemptions have limited pass-through to consumers. Overall, tariffs are estimated to have added around 0.7 percentage points to CPI inflation on affected goods.

The Court's decision has nonetheless increased policy uncertainty. Section 122 tariffs are temporary—lasting 150 days unless extended by Congress—so markets expect the administration to rely more heavily on longer-lasting tools such as Sections 301, 232 and 338. Investigations under these authorities will take time, creating uneven impacts across countries and sectors as trade flows adjust. At the same time, investors are closely watching the USMCA review scheduled for July 2026, which could reshape rules of origin and tariff structures across North America.

Fiscal risks are also emerging. The ruling allows companies to claim refunds on duties collected under the invalidated IEEPA tariffs, with estimates suggesting that $150–200 billion could be eligible. Actual payouts may be lower due to administrative complexity and limited litigation, but any meaningful refunds would widen budget deficits while providing liquidity to firms that had absorbed earlier costs.

For central banks, tariffs remain a background factor rather than a primary driver of policy. The Federal Reserve ended quantitative tightening in late 2025 and began modest Treasury bill purchases in early 2026 to stabilize reserves. Funding markets remain somewhat volatile, suggesting that the Fed may still need to expand its balance sheet. However, tariffs themselves are unlikely to materially alter the Fed's baseline path. Policy rates are expected to remain relatively high, with future adjustments driven more by labor market conditions than by trade developments. The European Central Bank is continuing gradual tightening while monitoring trade risks, which are unlikely to trigger abrupt policy changes but remain relevant for growth and supply chains.

At the sector level, impacts vary widely. Automotive remains among the most exposed industries, with companies such as General Motors expecting several billion dollars in tariff costs. Foreign producers, including South Korean manufacturers, face rates between 15% and 25%, while Section 232 tariffs on steel and aluminum continue to weigh heavily and are often passed through to prices.

In consumer goods, companies previously exposed to IEEPA tariffs—such as sporting goods and toys—have seen a reduction in effective rates following the Court ruling. By contrast, sectors tied to Section 232, including auto parts and home furnishings, continue to face structural cost pressures with limited relief.

Luxury goods and spirits producers have experienced significant earnings pressure, reflecting weaker global demand combined with higher tariffs. Meanwhile, industrial and capital goods firms must navigate a complex web of US and Mexican measures. Companies that meet USMCA rules can secure exemptions on some flows, while others remain exposed to higher tariffs on imports from non-FTA partners across a broad range of products.

In this environment, tariffs are becoming an increasingly important factor in competitiveness. Companies and investors must track not only headline rates but also the evolving legal and geopolitical framework shaping global trade.

Marco Mariano
Head of Mid Cap Global Corporate Banking in Italy
JP Morgan Italy

One Year After Liberation Day: Optimizing Tariff Uncertainty

Trade Environment One Year On

On April 2, 2026, the so called "Liberation Day" tariffs marked their first anniversary, underscoring how significantly tariffs have reshaped transatlantic trade. Although certain tariffs imposed under the International Emergency Economic Powers Act (IEEPA) were later ruled unlawful by the U.S. Supreme Court, uncertainty remains a defining feature of the current trade environment. For EU companies, the primary concern continues to be the impact of new tariffs, investigations, and enforcement measures on competitiveness in the U.S. market.

Italian Industry Exposure

Italian companies – global leaders in sectors such as automotive, furniture, fashion, and agri food—are particularly exposed. To remain competitive, many are deploying strategies to mitigate tariff costs borne either directly by U.S. customers or by affiliated U.S. importers.

Supply Chain and Operational Responses

Many Italian companies with significant U.S. exposure began adapting well before Liberation Day. Those with manufacturing or assembly footprints in North or South America have rebalanced supply chains to reduce reliance on direct exports from Europe, including selective inventory build ups, adjustments to commercial policies, and cost rationalization. Companies without manufacturing capacity in the U.S. have instead advanced procurement timelines, diversified sourcing away from China, and shifted certain production activities to Southeast Asia or within Europe for goods destined for the U.S. market.

Customs and Duty Mitigation Strategies

Beyond supply chain restructuring, established customs rules offer mechanisms that can materially reduce tariff exposure – often without requiring physical relocation of production. Some key strategies focus on customs valuation, origin, and duty deferral. These include cost unbundling of non dutiable elements embedded in invoice prices, application of the U.S. "first sale for export" principle in qualifying multi tier supply chains, and use of Foreign Trade Zones to defer or eliminate duties until goods are entered for U.S. consumption.

Origin analysis is also critical to applying the appropriate duty treatment. Companies must assess both preferential origin (for free trade agreement eligibility) and non preferential origin (for determining applicability of tariffs, trade remedies, and other measures). Proper origin determination, based on applicable rules, can directly affect duty exposure and should be evaluated as part of an integrated mitigation strategy. In addition, Italian companies manufacturing goods for export to the US may use customs procedures such as inward processing, which can suspend EU duties on imported raw materials and semi-finished goods and improve margins on exported finished products.

Product Design and Section 232

Product planning has become increasingly important, particularly for goods subject to Section 232 tariffs on steel, aluminum, and copper products. A White House proclamation effective April 6, 2026, modified the application of these tariffs by applying duties to the full customs value of covered articles and introducing a de minimis exemption for certain derivative products where the relevant metal accounts for less than 15% of total weight. At the same time, several steel and aluminum derivative products were removed from the list of derivatives subject to Section 232 duties, creating both risk and potential duty recovery opportunities.

Conclusion

As tariff regimes, enforcement practices, and trade policy continue to evolve, companies operating across the EU–U.S. corridor will need to remain agile and informed in order to manage risk and preserve competitiveness.

Massimo Fabio
Partner, Head of Trade & Customs practice in Italy

& **Nicole Porpiglia**
Managing Director, Trade & Customs Practice
KPMG

Italy-America Chamber of Commerce 1887

NAVIGATING ITALY-US COMMERCIAL POLICIES

JOINT TRADE & TARIFFS COMMITTEE

BRIEFING – APRIL EDITION 2026

Italy-U.S. trade relations: insights for industry leaders

Trade policies have entered a new phase in which tariffs and non-tariff measures are no longer a mere technical variable, but a central lever of economic and geopolitical strategy. What began as a tactical tariff shift has evolved into a potential reshaping of global supply chains and corporate strategies. This is particularly visible along the Italy–U.S. corridor, where trade and investment have continued to expand despite higher duties. For Italian and U.S. businesses, this evolving landscape requires a structured and analytical approach rather than reactive, case-by-case responses.

Temporary change or fundamental shift?

When U.S. trade policy began to change at the start of 2025, many in the business community adopted a 'wait and see' approach. More than a year in, the position is clearer: this is a global trade paradigm shift.

Global trade is experiencing a challenge to the post-war multilateral framework that has governed global trade for decades. The principle of free trade as a shared international rule has given way to a more transactional paradigm, in which market access is negotiated bilaterally, most-favored-nation conditions are no longer guaranteed, and tariffs overtly serve as instruments of broader political objectives.

For many companies selling EU-origin goods into the US, with Italian sellers among the most exposed, this has translated into new or higher baseline-level tariffs of at least 10 percent applying to goods shipped into the U.S., with higher rates on sensitive products such as steel and aluminium and the stacking of one tariff on top of another.

In parallel, non-tariff measures (such as export controls, foreign direct investment (FDI) screening, and regulatory requirements) remain a central aspect of trade policy that amplifies the complexity of cross-border operations. As a consequence, we are detecting a more fundamental restructuring of supply chains and the adoption of alternative commercial approaches. The message for Italian business leaders is clear: the rules of global trade have changed, and trade planning must reflect that. Executives must be able to manage the specifics of individual tariffs while also engaging with the wider analysis of the impact of tariffs on their industries and business models.

Drawing on experiences supporting organizations facing these dynamics, Deloitte Italy outlines below specific impacts to different industry sectors and highlights actions that can help manage changing Italy–U.S. trade relations.

Italy–U.S. trade: resilience under pressure

Despite facing the higher tariffs now applied to many EU-origin goods, Italy continues to be a leading EU supplier to the U.S. market, with exports exceeding 70 billion dollars in 2024 (UN COMTRADE) and preliminary 2025 data suggesting that exports of Italian-origin goods to the U.S. continued to grow. The relationship is two-way: while the U.S. is a major export market and investment destination for Italian companies, U.S. firms maintain a significant presence in Italy.

Sectoral dynamics between the Italy–U.S. trade relations

The impact changing trade policy differs significantly by sector, both in Italy and in the U.S. For some industries, the challenge is primarily technical, managing new layers of compliance such as customs valuation, origin rules, and cross-border logistics, while for others the key is to rethink where value is created and how to protect margins while tariffs and related compliance requirements are dynamic.

- **Pharmaceutical**

The pharmaceutical sector is highly heterogeneous, and tariff change affects producers in different ways. Prior to 2025, many companies regarded cross-border customs processes as a mere formality; while today, higher compliance costs, stricter customs scrutiny, and tariff-planning requirements are impacting margins and prices. In this scenario, decisions on supply chains, manufacturing footprints, and R&D and intellectual property locations have become central strategic levers, requiring multidisciplinary input and customs impact management rather than a purely customs-driven approach.

- **Aerospace & Defense (A&D)**

In A&D, tariff changes primarily translate into higher costs and additional requirements on imported metals and components (e.g., aluminum, steel and copper), while response options are often limited by multi-year contracts and strict licensing regimes. Rather than radically reconfiguring production processes, many players are refocusing on core activities and building multi-functional task forces to manage tariff exposure and broader policy risk, as establishing new manufacturing sites or flexibly switching suppliers is often not feasible. For Italian suppliers integrated into U.S. programs, developments on tariffs and licensing can therefore have effects along their supply chains.

- **Automotive**

In the automotive sector, tariff rates are prompting different responses, but generally the working assumption is that the current framework will persist. Many U.S. producers appear to consider that margins can withstand higher input costs without fully reengineering supply chains, whereas for European manufacturers we see accelerated efforts to maintain agility by revisiting sourcing models and, where feasible, relocating investment and production closer to end markets. At the same time, the 2026 review of the US-Mexico-Canada Agreement introduces additional parameters for North American supply chains. For Italian and EU carmakers serving the U.S. market, localization strategies and platform choices are increasingly influenced by tariff expectations.

- **Food and agriculture**

In food and agriculture, companies are frequently responding to tariffs by reconfiguring supply chains, including shifting sourcing and reconsidering how products are made and procured. At the same time, many are implementing integrated financial planning tools, such as inventory adjustments and contract renegotiation, and investing in innovation, from product reformulation to automation and precision agriculture, to offset higher costs and protect margins.

Pier Paolo Ghetti
Global Trade Advisory National Leader
Deloitte Italy

What should an importer do to protect its right to refund of IEEPA tariffs?

At the present time, refund protocols are uncertain. We suggest that, to protect their interests, importers who paid IEEPA tariffs file a summons and complaint in the Court of International Trade and, if possible, to do so before their entries are liquidated.

We believe that the filing in the Court of International Trade (CIT) will protect IEEPA refunds. Exporters and Importers should confer with their customs lawyers to discuss the options. Be careful, there is a good deal of misinformation and speculation circulating in the Trade community. Be certain the counsel you select has had practical experience before the Customs agency and Courts.

Some trade advisers have suggested protesting the liquidation of entries but the CIT has already ruled that the IEEPA Tariff Assessment is not a protestable decision under the law and US Department of Justice (representing the government in the case) has agreed and will not appeal the decision regarding the protestability of the claim.

If an importer wishes to take the belt and suspenders approach, it may file in the CIT and instruct its Customs broker to file protests within 180 days of final liquidation.

Bear in mind that the Court of International Trade has issued orders that all unliquidated entries and entries liquidated within the last 90 days should be liquidated or re-liquidated with a refund of IEEPA duties. These orders would seem to obviate the need for the filing of a summons and a complaint in the Court of International Trade, we are still recommending the court filing. If the CIT rules as we hope, the orders will become final, importers should receive the refunds quickly through a special ACH account designed to handle refunds. Customs and Border Protection is currently resisting these orders so we'll have to wait and see.

If, as we hope,the orders stand, the IEEPA refunds with interest should soon flow into the new ACH account. There is currently uncertainty regarding the methodology for securing refunds and timing of refunds. If this happens, the court filings will have been superfluous. It is, however, a small investment to protect the large sums of IEEPA duties at stake.

Please understand that tariffs will likely remain. The Administration has initiated Section 301 Investigations authorized under the Trade Act of 1974 to determine if the imposition of tariffs is appropriate under this provision of law. Importers should confer with their trade advisor to determine if participation in the 301 proceeding is a worthwhile endeavor.

In anticipation of the likely event that new tariffs are imposed under Section 301, all importers should be investigating tariff mitigation strategies in order to minimize the adverse impact of future tariffs.

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NAVIGATING ITALY-US COMMERCIAL POLICIES

JOINT TRADE & TARIFFS COMMITTEE

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Italy-America Chamber of Commerce

Transatlantic Pharma Integration Under New U.S. Trade Rules

Starting in 2025, the Italian pharmaceutical industry has found itself facing a major shift in the global landscape, driven primarily by changes in U.S. international trade and pharmaceutical policy. In the pharmaceutical sector, this shift has a specific underlying logic: it is aimed first and foremost at rebalancing, on a global scale, the burden of financing research and innovation, which—because of much higher prices—historically has been shouldered by American taxpayers and consumers.
The strategy unfolded on several different levels, of which tariffs were only one, though the best known:
The 15 percent tariff, which was still in force in 2025, was later struck down by the recent Supreme Court decision, and has very recently been replaced by new sector-specific tariffs, under Section 232, with different rates depending on the country and the company; a practice of bilateral agreements between the U.S. administration and pharma companies, which has already led to the announcement of $400 billion in investments in the United States over the next five years;
a pharmaceutical-sector-specific measure introduced in May 2025 through the Executive Order on Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients. It marked a radical break in U.S. drug pricing policy, shifting from market-based pricing to government-set international benchmarks: it set the objective that the United States should pay no more for medicines than the lowest price available among a group of comparable countries, including Italy; the possible Section 301 investigation into discriminatory and unreasonable trade practices, which could trigger further trade restrictions.
Even so, in 2025 U.S.-Italy trade in pharmaceutical products confirmed very positive results. A recent report released by Confindustria, Italy's main association of manufacturing businesses, found that the pharmaceutical sector accounted for 70 percent of the country's export growth in 2025, and the United States played a major role in that performance: Italian exports to the U.S. increased by 50 percent, from €10.2 billion to €15.7 billion.
It is worth noting that over the past year the pharmaceutical sector not only followed a different trajectory from the rest of manufacturing, but that its performance was driven only in part by front-loading effect ahead of expected tariffs. The main driver was, in fact, growing and mutually beneficial industrial integration across the Atlantic, and Italy-based branches of US companies primarily contributed to that outcome. Production in Italy by American companies has grown by 25% over ten years, reaching €9.2 billion in 2024, with a significant employment impact amounting to 11,400 jobs Further evidence lies in the fact that pharmaceutical imports from the U.S. grew even more sharply, rising by 100 percent from €7.2 billion to €14.5 billion. The result was a far more balanced trade relationship than the ones that other countries maintain with the U.S., or that Italy itself recorded in recent years: Italy's current surplus with the U.S. amounts to just over €1 billion, compared with surpluses of over €3 billion with Spain and France and nearly 2 billion with the UK. For the pharmaceutical sector based in Italy, the United States is a genuine industrial partner, not only an export destination.
Beyond short-term performance, however, concern is growing particularly over the medium-term effect of the MFN regulation. Early signs can be seen in weaker launches of new products in European countries: in the ten months following the adoption of the MFN regulation, launches in the countries included in the Medicare price benchmark, Italy among them, fell by 43 percent compared with the previous ten months, and a similar pattern emerges when it comes to withdrawals of branded products.
Neither the country's health, nor its economic position, nor its national security can withstand any further pressure. Any policy response, though, should acknowledge that the U.S. policy is aimed primarily at distributing the burden of innovation more evenly, as illustrated by the recent agreement with the United Kingdom, which removed tariffs and exempted the UK from both additional tariffs and a Section 301 investigation in exchange for improvements in pharmaceutical governance and in price levels. Much can be done, so, on our side first:
at the continental level, by avoiding trade escalation and instead adopting a strategy aimed at promoting research, innovation, and competitiveness, rather than penalizing them through intrusive and costly regulation, while providing stronger protection for intellectual property and speeding up processes;
at the Italian national level, by eliminating the clawback that companies are required by law to pay, even through a gradual phase-out strategy. The clawback is perceived as a hidden price cut and ultimately proves harmful in two ways: it undermines companies' competitiveness and it weakens relations with the US, our main industrial and trading partner.
In 2025, Italy's relationship with the United States proved stronger than temporary strains. It deserves to be enhanced to bring mutual benefits to both countries, either for US investments in Italy or for Italian-owned companies, that are highly internationalized and ever more focused in the US market.

Marcello Cattani
President
Farmindustria

Transatlantic Economy

INVESTMENT

64% **of global investment into the U.S. comes from the Europe**
(2023)

56% **of U.S. global investment goes to Europe**
(2009-2023)

TRADE IN GOODS

$504 billion
U.S.-Europe goods trade
(2024)

$771 billion
U.S.-EU goods trade
(2024)

TRADE IN SERVICES

$433 billion
U.S. to Europe
(2023)

$317 billion
Europe to the U.S.
(2023)

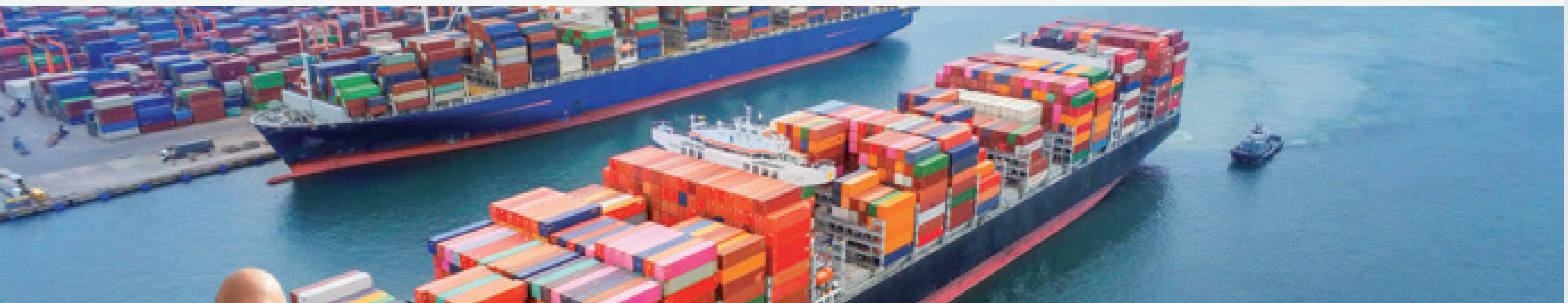
JOBS

WORKERS

5.3 million
U.S. employees of European companies
(direct jobs due to investment, 2023 estimate)

4.6 million
European employees of U.S. companies
(direct jobs due to investment, 2023 estimate)

Source: Transatlantic Economy Book 2024



Olive Oil and U.S. Tariffs: Policy, Trade and Industry Response

On February 20, 2026, the U.S. Supreme Court invalidated reciprocal tariffs that the Trump Administration imposed on imports from the E.U. and other nations. Since then, much of the focus for importers has been on the process of obtaining tariff refunds.
But importers must not lose sight of the fact that tariffs are not going away. The U.S. Administration has made clear that one way or another, tariffs will continue to be a central economic tenet of its economic policies.
To re-establish the tariff regime it had in place before February 20th, the United States Trade Representative has launched a series of unfair trade practice investigations against the E.U. and other countries under other statutes, including Section 301(b) of the Trade Act of 1974.
One such wide-ranging investigation was announced under Section 301 on March 11 on the topic of trade imbalances with the E.U. and other countries. It seems to be the government's strategy that such tariffs will be in place by the time the 10% tariffs under Section 122 of the Trade Act currently in place expire on July 24th.
Aside from the risk of higher tariffs than they currently are paying under Section 122, importers of E.U. product face another threat. During the first Trump Administration, tariffs were imposed on numerous E.U. products, including Spanish bottled olive oil, in retaliation for E.U. subsidies benefitting Airbus that were ruled illegal by the WTO.
In 2021, President Biden's administration suspended those tariffs for 5 years. But that suspension is due to expire on June 15, 2026, and the government has not said what it intends to do.
To address both threats, the North American Olive Oil Association (NAOOA) intends to continue advocating to have olive oil recognized as an unavailable natural resource exempt from tariffs because it cannot reasonably be produced domestically in sufficient quantity to meet demand.
Further, the NAOOA will stress that tariffs on olive oil are also inconsistent with the Administration's newly released food policy document, the Dietary Guidelines for Americans, which recommends "when cooking with or adding fats to meals, [consumers should] prioritize oils with essential fatty acids, such as olive oil."
These are the primary arguments the NAOOA intends to express when it files comments and appears at the hearing on behalf of NAOOA members in connection with the Section 301 investigation into trade imbalances.

Joseph R. Profaci
Executive Director
North American Olive Oil Association

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JOINT TRADE & TARIFFS COMMITTEE

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Italy–US Trade: Enabling High-Value Growth with FedEx

2025 marked a period of significant transition for logistics and supply chain management, against a global backdrop that remains complex and fragmented. Businesses are under pressure to move goods to market quickly, efficiently, and at predictable cost, while minimizing friction across increasingly complex value chains. Process simplification, system integration, and intelligent, data-driven logistics solutions are therefore essential to remain competitive. At FedEx, we see these capabilities as fundamental enablers of growth and customer confidence. We benefit from a scaled, integrated global network that connects more than 99% of global GDP, combined with deep expertise in time-critical and high-value flows. These strengths allow us to anticipate change, adapt quickly, and support customers with confidence.

In this context, transatlantic trade is no longer driven primarily by shipment volumes, but by quality, speed, regulatory compliance, and supply chain reliability. With the right supply chain solutions, Italian businesses can gain reliable and scalable access to the US market, while US businesses sourcing from Italy benefit from greater predictability, transparency, and resilience.

Italy's industrial profile is well aligned with the demands of today's transatlantic trade environment. In pharmaceuticals and healthcare, Italian manufacturers operate in highly regulated settings while serving a US market that requires precision, traceability, and consistent reliability. These shipments often support therapies, clinical trials, and hospital supply chains, where timing and compliance are essential. Similar requirements apply in the fashion and luxury sector, where speed to market, brand protection, and flawless execution are critical–particularly for seasonal launches and limited collections. Industrial machinery and advanced manufacturing add another dimension, with Italian producers supplying high-value, production-critical equipment and components that are frequently embedded in US manufacturing processes. Here, delivery predictability matters as much as transit speed.

Supporting these sectors requires logistics capabilities that go beyond transportation alone. Through continued network enhancements, digitalization, and AI-enabled solutions, FedEx is strengthening Europe–US trade lanes by improving visibility, streamlining customs processes, and enabling more informed decision-making. In this context, a strategic supply-chain partner plays a key role in enabling reliable, compliant, and resilient connections between Italy's industrial excellence and the US market–helping businesses manage complexity and compete effectively as trade requirements continue to evolve.

Diego Asproso
Senior Sales Manager
FedEx

Trade Exchange

Trend of Italy-US trade relations ($ bn)

The United States represents the second market for Italian exports, the first outside Europe, with a value of $76.3 billion in 2024, and the first for trade surplus, with an amount of approx. $44 billion. Only Germany (with a share of 11.6%) surpasses the US (with a share of 10.3%) as end market for Italian goods, France is third (with a share of 10.1%). The growth rates of both flows have been significant: approximately +172.0% for Italian exports from 2004 to 2024; +205% for American exports in the same twenty years.

Source: US Census Bureau

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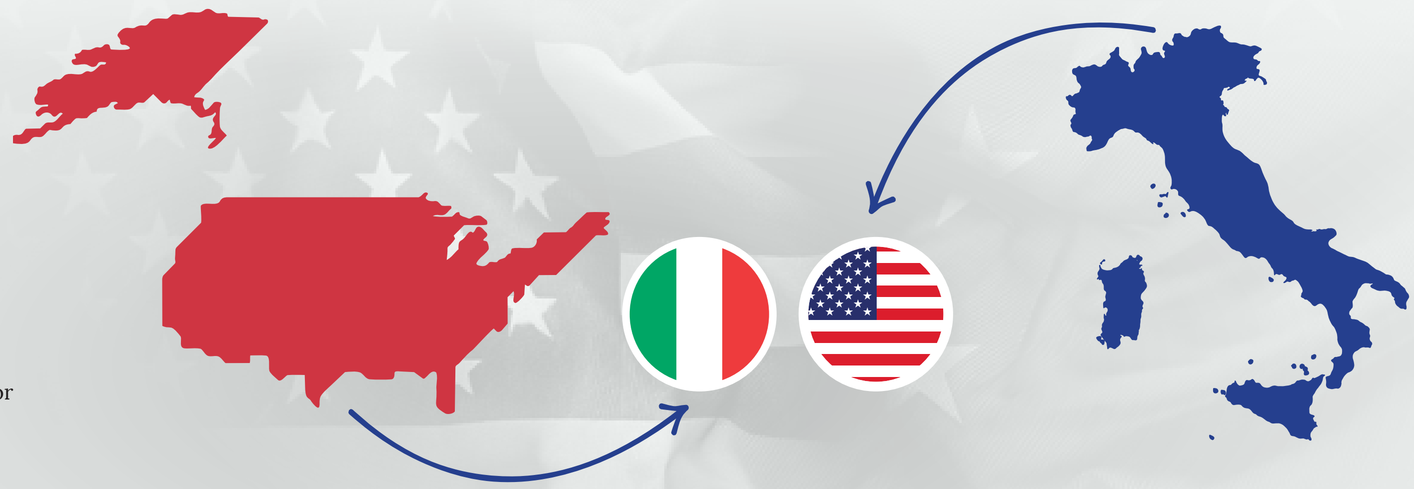
Italy-US Trade 2025

€105 B.

Total Exchange

In 2024, Italy exported goods destined for the USA for a total value of €64,9 B.

In 2025 exports have increased by 7.2%.



€35,4 B. (goods)

From the USA to Italy

€69,6 B. (goods)

From Italy to the US

Source: Italian National Statistics Institute (ISTAT)

Navigating Trade Turbulence

The repeated shocks from tariff changes over the past year, combined with the recent geopolitical conflict in the Middle East, have significantly impacted the trade community financially, operationally, strategically, and psychologically.

Financial Impact

U.S. importers faced immediate pressure on cash flow due to sharply higher tariffs introduced on February 4, 2025 under IEEPA. U.S. Customs reported collecting $166 billion from these measures by March 2026. Companies were forced to make difficult decisions on whether to absorb these increased costs or pass them on to customers.

Higher duties also triggered the need for increased bond coverage. Importers must maintain bonds equal to at least 10% of estimated duties, calculated on a rolling twelve-month basis. Many businesses that previously required minimal coverage suddenly needed several hundred thousand dollars in bonding. Delays in securing adequate bonds led to suspension of import privileges, while bond providers tightened requirements and demanded additional guarantees.

Following the U.S. Supreme Court's February 2026 ruling invalidating IEEPA tariffs, importers moved quickly to seek refunds. Under orders from the Court of International Trade, U.S. Customs is developing complex systems to identify and process refunds. However, given the scale and technical complexity, it will take considerable time before funds are returned.

Operational Impact

Frequent tariff changes have strained company resources and diverted attention from business growth. Customs clearance processes have become significantly more complex, with each additional tariff requiring separate reporting alongside product classifications. For example, entries that previously required minimal documentation now involve multiple lines and layered classifications.

These classifications must also be submitted in a specific sequence, requiring constant reprogramming of systems by both companies and Customs authorities. Software updates often result in glitches, including incorrect application of exemptions or misclassification under additional duties such as Section 232 tariffs on steel and aluminum.

Operational challenges also extend to the refund process. Importers must have accounts within the Automated Commercial Environment (ACE) system, including valid U.S. banking details for electronic payments. Many foreign importers lack such accounts, creating uncertainty about how refunds will be processed.

Strategic Shifts in Trade Flows

Trade patterns have fluctuated in response to tariff announcements. Imports surged in early 2025 as companies sought to preempt tariff increases, particularly during the 90-day "liberation day" pause through early July. In the following six months through January 2026, imports declined by 10.5%, while exports increased modestly by 3.7%.

Despite the overall decline, certain sectors remained resilient–especially products on exemption lists such as electronics, critical minerals, energy resources, and specific agricultural goods. Meanwhile, large equipment purchases were postponed and project cargo slowed, except in oil and gas.

Tariffs and geopolitical risks have accelerated the diversification of supply chains. Mexico has emerged as the leading U.S. trading partner, followed by Canada and China. Longer-term investment decisions will depend in part on the outcome of the ongoing review of the USMCA agreement.

Information Challenges and Uncertainty

The constant flow of trade-related news, speculation, and social media commentary has created confusion and hindered long-term planning. Only formal executive orders provide legal certainty, and even then implementation depends on detailed guidance and system readiness from U.S. Customs.

Misinterpretations have been common. For instance, following the Supreme Court ruling, the reintroduction of tariffs under Section 122 was widely reported as a 15% rate, while the actual applied rate has been 10%. Differences between IEEPA and Section 122 calculations have further complicated understanding, with some products facing higher effective rates despite the lower headline figure.

Outlook

While uncertainty over tariffs will persist, there is growing acceptance that they will remain a key instrument of U.S. economic and national security policy. Many companies have adjusted pricing strategies to accommodate a range of tariff scenarios. Ongoing investigations by the U.S. Trade Representative under Section 301 are expected to lead to new tariff measures once Section 122 authority expires in July 2026.

At the same time, enforcement by U.S. Customs has intensified, with increased inspections aimed at preventing misdeclaration of goods and origin. This will likely result in additional documentation requirements and delays.

Shipping dynamics also remain complex. Increased vessel capacity is being offset by rising fuel costs and disruptions caused by geopolitical tensions, including rerouting due to instability in key maritime corridors.

Despite these challenges, the past year has strengthened the ability of importers and exporters to manage uncertainty, at least in the short term. While volatility will continue, the trade community is gradually adapting to a new operating environment–one defined by ongoing shocks but also by greater resilience.

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