



ANALYSIS

## **Modelling a New Era in Trade**

Tariff tensions across three scenarios

2025

## Summary

Since early 2025, US tariff policy has once again become a central force shaping global trade. Tariffs have been raised to levels previously considered unrealistic, covering a wide range of products and trading partners. While the EU and a few other countries have negotiated agreements with the US that lower certain tariffs and create some predictability, other countries continue to face significant tariffs across the board. Growing trade frictions and heightened policy uncertainty now define the global trade environment. In light of these developments, the National Board of Trade Sweden has used the OECD global trade model, METRO, to simulate the potential effects of tariff changes.

The focus of the analysis is the *main scenario*, which reflects the tariff measures in force or under investigation in mid-September, including the agreement between the US and EU (the Turnberry Agreement). In addition to this main scenario, we present a *deal scenario* and an *escalating scenario*. The first of these scenarios, the deal scenario, includes an extension of Turnberry-like agreements to more partners from the US side, while easing tariffs between the US and Canada, Mexico and China respectively. This represents a possible de-escalation of trade tensions. The escalating scenario, by contrast, describes a development involving increased tariffs from the US and others. The results show that tariffs impose high economic costs. All three scenarios presented in this analysis show that US trade is the most severely affected by the tariff changes, with the steepest losses in industries integrated into global value chains, such as computers and electronics, motor vehicles and pharmaceuticals. This is also reflected in the macroeconomic effects on production and GDP. For Sweden and the EU, aggregate effects are more modest. However, several export sectors to the US are more heavily affected, with iron and steel facing steep declines. China suffers losses in exports to the US but cushions the impact by redirecting trade to other markets.

Comparisons across scenarios illustrate how varying tariff settings affect trade and growth. In the *deal scenario*, the global contraction is milder. For Sweden and the EU, however, outcomes are slightly worse, as their current relative advantage on the US market under the Turnberry Agreement is neutralised once others face similar tariffs. In the *escalating scenario*, the global downturn deepens further: world trade contracts sharply, Sweden and EU exports to the US fall steeply across key sectors and global GDP losses intensify.

Overall, the simulations underscore that tariffs are a poor instrument for protecting domestic industries. Rather than shielding them, they disrupt value chains, raise costs and reduce competitiveness.

The broader erosion of the rules-based trading system underscores the need for strategic cooperation and new initiatives to safeguard open and predictable trade.

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# 1. Introduction

Since the start of the second Trump administration at the end of January 2025, the US has increased tariffs on imports from trading partners worldwide. Beginning in March and April, tariffs were introduced on products such as automobiles and steel, as well as so-called reciprocal tariffs on a broader range of goods. While some countries responded by raising their own tariffs against the US, others adopted a more cautious approach, seeking to establish pragmatic arrangements with the US.

During the summer, the EU and several other countries reached agreements with the US to lower certain tariff levels whilst simultaneously opening their own markets. In parallel, the US and China de-escalated tensions by rolling back some of the most severe tariff increases and returning to the negotiating table.

Despite this recent development, trade frictions and policy uncertainty continue to shape global trade. In this context, simulating the effects of tariff tensions helps assess potential risks to the economy – particularly how rising tariffs may disrupt trade flows, increase costs and slow growth.

The purpose of this analysis is to model the economic impact of these tariff changes under different scenarios. The analysis draws on simulations conducted using the OECD global trade model, METRO.<sup>1</sup>

The National Board of Trade Sweden (NBTS) has previously conducted simulations of tariff changes, which readers may consult for further context.<sup>2</sup>

## The METRO model

The OECD's METRO model is a computable general equilibrium (CGE) model designed to analyse trade policy measures, such as tariff changes and non-tariff barriers. CGE analysis is particularly useful for assessing relative redistribution effects across countries and sectors, though it is less precise in estimating absolute changes.

The METRO model is a global model covering 65 sectors, 8 factors, and 161 countries (regions), linked through input-output tables that trace how shocks, such as tariffs, spread through trade flows, production, and income. For the analysis, the database is aggregated to 10 regions and 14 sectors.

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1. OECD (2023): METRO version 4 documentation Trade and Agriculture Directorate, OECD, March 2023.
  2. National Board of Trade Sweden, "Economic Backfire: The Costly Impact of Trump's Proposed Tariffs", 2024; National Board of Trade Sweden, "Historiskt höga tullar förändrar Sveriges export", 2025; National Board of Trade Sweden, "Upptrappad handelskonflikt dämpar Sveriges export till USA", 2025.

## 2. Background

Since the new presidential administration took office in January 2025, US tariff policy has become a central factor shaping global economic developments. The US and China have raised tariffs against each other to levels previously considered unrealistic, and trade frictions have also intensified with the US' closest neighbours, Canada and Mexico. Building on this more confrontational stance, the administration has, since April, extended its trade measures worldwide by introducing what the administration has termed reciprocal tariffs against other countries.<sup>3</sup> These reciprocal tariffs are based on the perception that persistent negative trade balances in goods represent unfair economic relationships and constitute a national emergency. At the same time, the US has also imposed tariffs and launched investigations under Section 232 of the Trade Expansion Act across several sectors where it views imports as national security risks.

Over the summer, several countries reached agreements with Washington to reduce certain tariff levels while simultaneously opening their own markets. For the EU, this arrangement is known as the Turnberry Agreement.<sup>4</sup> Similar arrangements have also been reached between the US and partners such as the United Kingdom, Japan and Indonesia.<sup>5</sup>

The US and China have likewise taken steps to de-escalate tensions, lowering some of the steepest tariff increases and returning to negotiations. Recent geopolitical developments – particularly the apparent rapprochement between China, Russia and India, together with new threats directed toward China – add to the uncertainty surrounding the future of US–China trade relations.

In addition, the US has issued threats of further tariffs against the EU in response to the EU's digital regulations.<sup>6</sup> At the same time, several issues remain for the EU and the US to resolve within the framework of the Turnberry Agreement, adding to the uncertainty surrounding transatlantic trade relations.

In August 2025, the US further opened opportunities to strike deals covering a broad range of products, representing approximately 32 per cent of the total value of US imports in 2024. Should this materialise, tariffs would remain relatively high, but arrangements could grant countries currently without an agreement somewhat better access to the US market, while at the same time likely providing the US with improved market access abroad.

Taken together, these developments underline the difficulty of anticipating the trajectory of US trade policy. What is clear, however, is that tariff measures from the US are still expected to be employed both as a carrot and a stick. Against this background, three scenarios are presented in this report: a *main scenario*, based on

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3. Peterson Institute for International Economics, US-China Trade War Tariffs: An Up-to-Date Chart, 25 September 2025.

4. Joint Statement on a United States–European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade, The White House and the European Commission, 21 August 2025; Joint Statement on a United States–European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade, European Commission, Directorate-General for Trade and Economic Security, 21 August 2025

5. The White House, Fact Sheet: Implementing the General Terms of the US-UK Economic Prosperity Deal, 17 June 2025; The White House, Fact Sheet: President Donald J. Trump Implements a Historic US-Japan Framework Agreement, 5 September 2025; The White House, Joint Statement on Framework for United States–Indonesia Agreement on Reciprocal Trade, 22 July 2025.

6. Politico, “EU tech chief Henna Virkkunen urges calm amid US pressure on digital rules”, Politico Europe.

the most central existing tariffs and agreed upon deals yet to be implemented; a *deal scenario*, featuring reductions in tariffs from the US side and increased market access for the US; and an *escalation scenario*, featuring renewed tariff increases and heightened conflict.

### 3. The model framework and method

The analysis is carried out with the OECD's METRO model, a computable general equilibrium (CGE) model. The model is designed to analyse how economies respond to policy or external shocks. When a change is introduced, in our case tariff changes, the model simulates how the economy adjusts across countries and sectors until a new balance is reached. The results therefore represent a new equilibrium, where markets have adapted to the altered conditions. The model does not capture the path of adjustment – the short-term turbulence and transitional dynamics – but rather the outcome once the global economy has settled into its new equilibrium.

The simulations start from METRO's standard baseline, which is built on 2017 GTAP data. This baseline is then updated with major trade-related events that have occurred since, including US–China tariffs from 2018–2020 that remain in force, sanctions on Russia and Belarus (represented by near-prohibitive tariffs) and US tariffs and quotas on steel and aluminium introduced in 2018. The resulting updated reference scenario represents the global trade environment before the new US administration took office and serves as the starting point for the analysis. On top of this updated reference scenario, we apply the tariff scenarios described in this analysis in order to assess how outcomes vary under alternative policy settings.

Two adjustments bring the simulations closer to medium-term outcomes, and both constitute methodological refinements compared with earlier NBTS analysis.<sup>7</sup> Whereas previous simulations were interpreted as reflecting long- to medium-term effects after roughly 5–7 years, these simulations capture a shorter horizon of around 3–5 years. First, the model now allows for unemployment, meaning that labour does not immediately adjust to shocks. This makes it possible to account for adjustment costs in labour markets, rather than assuming that labour markets clear through wage changes.

Second, the import substitution elasticities are reduced by 40 per cent from the standard METRO value. These elasticities determine how easily imports from one supplier can be replaced by imports from another. Lower values mean weaker substitution, so trade flows adjust more slowly and less fully when tariffs change. This brings the results closer to medium-run dynamics, since in practice, trade cannot react instantly: firms are bound by contracts, established supply routes and long-term relationships, and existing orders need to be fulfilled. As a result, companies may initially absorb higher costs rather than immediately shifting to new suppliers, whereas higher elasticities assume a level of adjustment that is only plausible in the long run.

Together, these changes make the simulations more reflective of medium-term dynamics than of a purely long-run equilibrium. Further methodological details are provided in Appendix A.

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7. National Board of Trade Sweden, "Economic Backfire: The Costly Impact of Trump's Proposed Tariffs", 2024; National Board of Trade Sweden, "Historiskt höga tullar förändrar Sveriges export", 2025; National Board of Trade Sweden, "Upptrappad handelskonflikt dämpar Sveriges export till USA", 2025.

## 4. Simulated scenarios

The analysis builds on a set of three scenarios that represent different possible developments in tariff policy. Each is implemented on the updated reference scenario, with a distinct configuration of tariffs.

The focus of the analysis is the *main scenario*, which reflects the tariff measures currently in force, including the EU–US Turnberry Agreement.<sup>8</sup> To illustrate alternative developments, two additional scenarios are considered: the *deal scenario*, which explores a possible easing of tensions, and the *escalating scenario*, which models a breakdown of agreements and renewed tariff confrontation. From a tariff perspective, the EU and certain other partners currently enjoy relatively favourable market access in trade with the US. Over time, however, such arrangements may change and new agreements may emerge. This underscores the value of considering the alternative scenarios, as this makes it possible to assess how results differ and to identify the mechanisms driving those differences.

The tariffs included in our simulations are derived from the best information currently available. In cases where details are incomplete or absent, assumptions have been applied to enable consistent modelling.

### 4.1 Main scenario

The main scenario reflects the most recent and significant tariff developments since late 2024, which are currently in force or under investigation (mid-September 2025). The description below highlights the principal measures shaping the current trade environment; a full list of tariffs is provided in Appendix B (Table 10).

It captures the key measures implemented by the US, including Section 301 tariffs on selected Chinese products; IEEPA-based (International Emergency Economic Powers Act) tariffs applied across all Chinese imports, “liberation day” tariffs under Executive Order 14257 (EO 14257) and all active Section 232 duties on steel, aluminium and derivative products, motor vehicles and parts, and copper. In addition, the ongoing Section 232 investigations – covering pharmaceuticals, semiconductors, lumber, trucks, critical minerals and aircraft – are applied, even though these measures have not yet been formally enacted. Canada and Mexico are subject to IEEPA-based tariffs for goods not eligible under the USMCA or its rules of origin. The scenario also captures China’s and Canada’s countermeasures. While Canada has introduced three waves of retaliatory tariffs targeting specific product groups, China has imposed additional duties across all US imports, combined with targeted tariffs.

A central element of the main scenario is the EU–US Turnberry Agreement, which forms the core focus of this report. The agreement establishes a ceiling of 15 per cent on tariffs applied to specified industrial product groups. This ceiling covers both MFN and additional duties, but if the MFN rate already exceeds 15 per cent, no additional duty is applied. The cap also extends to certain products under ongoing Section 232 investigations, such as patented pharmaceuticals and semiconductors. For other strategic products – including aircraft and parts, generic pharmaceuticals, selected chemicals and natural resources – only MFN tariffs apply. Another important

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8. Joint Statement on a United States–European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade, The White House and the European Commission, 21 August 2025; Joint Statement on a United States–European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade, European Commission, Directorate-General for Trade and Economic Security, 21 August 2025.

provision is the EU's elimination of its existing MFN tariffs on industrial goods, in line with its Turnberry commitments.<sup>9</sup>

Together, these elements constitute the main scenario. The results are obtained by applying these measures to the updated reference scenario (see Appendix A for details).

## 4.2 Alternative scenarios

### 4.2.1 The deal scenario

In this scenario, all countries subject to the US “liberation day” tariffs (EO 14257)<sup>10</sup> are granted the same treatment as the EU under the Turnberry Agreement. These countries, as the EU, remove their MFN tariffs on industrial goods. As Canada and Mexico have their tariffs imposed under separate IEEPA proclamations<sup>11</sup>, they are not part of this framework but instead have their tariffs reduced. Canada also lowers its retaliatory duties. The additional 20 per cent IEEPA tariffs on China introduced in February 2025 are reduced, and China lowers its retaliatory tariffs.

In this scenario, the exemptions specified in Annex III, which lists product groups that may be exempted from EO 14257 duties, are assumed to apply.<sup>12</sup>

Taken together, these elements represent a possible easing of trade tensions. The scenario assumes that the US extends the Turnberry framework to a wider set of partners already subject to EO 14257, while simultaneously adjusting the IEEPA tariffs on Canada and Mexico. The purpose is not to predict the outcome of future negotiations, but to demonstrate how Sweden, the EU and other regions could be affected if tariff ceilings were broadened and existing barriers reduced.

### 4.2.2 Escalating scenario

In the *escalating scenario*, the EU–US Turnberry Agreement no longer applies. The EU introduces its retaliatory measures, drawing on both the tariff packages prepared in spring 2025 (covering goods worth around €26 billion of US exports) and the broader list published in May 2025 (covering goods worth up to €95 billion), including cars, aircraft, food products and chemicals.<sup>13</sup> At the same time, the US and China further increase tariffs on each other. The US raises its reciprocal tariff on Chinese imports to 30 per cent and China responds by increasing its across-the-board tariff on US goods to 45 per cent, making tariff levels close to even terms. US tariffs on Mexico and Canada are also raised moderately.

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9. Joint Statement on a United States–European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade, The White House and the European Commission, 21 August 2025; Joint Statement on a United States–European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade, European Commission, Directorate-General for Trade and Economic Security, 21 August 2025.

10. Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements”, The White House, 5 September 2025.

11. Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements”, The White House, 5 September 2025: Amendment to Duties to Address the Flow of Illicit Drugs Across Our Northern Border”, The White House, 31 July 2025.

12. Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements”, The White House, 5 September 2025.

13. European Commission, “Commission responds to unjustified US steel and aluminium tariffs with counter-measures”, Press Corner, 12 March 2025; European Commission, “Commission consults on possible counter-measures and readies WTO litigation in response to US tariffs”, Press Corner, 8 May 2025.

This scenario is included because it is plausible that trade tensions could escalate again, with agreements breaking down and retaliatory measures spiralling. Modelling such a development makes it possible to assess the risks for Sweden, the EU and other regions if the current fragile balance were to collapse, and to illustrate the potential consequences of an escalating tariff confrontation.

## 5. Results of the main scenario

This chapter presents the results of the main scenario, with a primary focus on trade effects. Bilateral trade flows are examined both at the aggregate level and across individual sectors, highlighting the main channels through which tariff changes affect trade patterns. In addition, selected macroeconomic variables of interest – such as GDP, household income and factor demand – are reported.

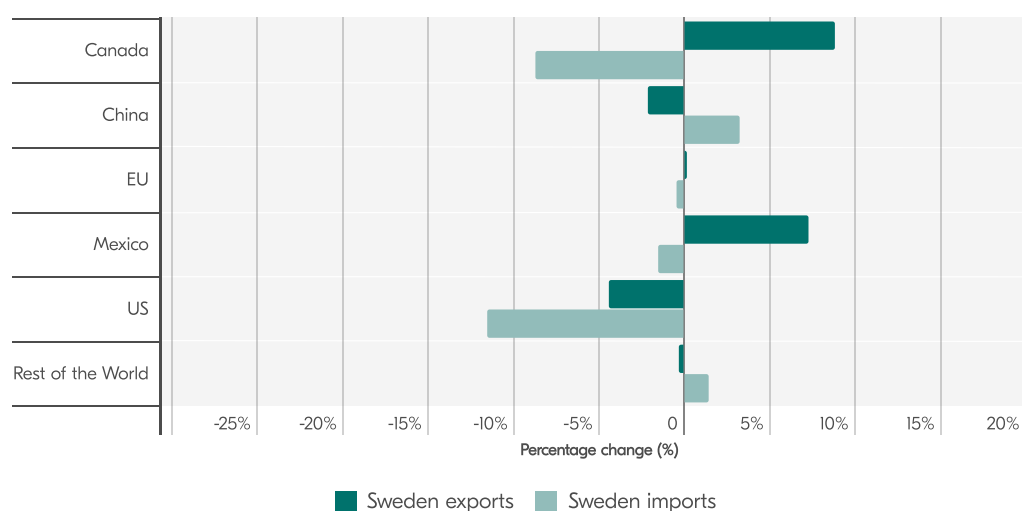
### 5.1 Country-specific effects

The presentation of results begins with country-specific effects, focusing first on Sweden and the US, before turning to other partners.

#### 5.1.1 Effects for Sweden

While the overall impact on Sweden's trade is moderate in the main scenario (Table 1 below), Figure 1 indicates that the tariff changes in the scenario affect Sweden's trade unevenly across partners. Trade with the US contracts, with both imports and exports declining. Exports to China also fall, while imports from China increase. By contrast, Sweden's exports to Canada and Mexico rise markedly in percentage terms, even as imports from these partners decrease. Trade with the EU and the rest of the world is only marginally affected, with very small changes in either direction. Overall, the results suggest that, while global tariff tensions weigh heavily on Sweden's trade with major partners such as the US, they also alter trading patterns, with some export losses offset by increased exports to other partners.

**Figure 1. Percentage change in Sweden's bilateral trade following tariff changes**



Source: METRO Simulations by the National Board of Trade, Sweden

At the sectoral level, Table 1 shows that Sweden's total exports are unevenly affected across sectors. Exports in steel register a pronounced decline, whereas pharmaceuticals and motor vehicles remain broadly stable overall, as the latter two benefit from comparatively more favourable market access under the Turnberry Agreement. Most other categories record smaller decreases, including chemicals, wood products, paper, electronics and transport services. A notable exception is other transport equipment, which increases significantly. Although this sector is relatively small for Sweden, the effect is substantial, reflecting the fact that Sweden and the EU enjoy better access to

the US market than many other countries under the Turnberry Agreement. Services remain largely unchanged, with only minor shifts.

The overall impact on Sweden's total imports is less pronounced. Most sectors register only modest changes, with small declines in industrial goods broadly offset by slight increases in pharmaceuticals and wood products.

**Table 1. Percentage change in Sweden's bilateral trade, per sector, following tariff changes**

|                           | Canada      | China       | EU          | Mexico      | US           | RoW*        | Total       |
|---------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| <b>A: Sweden exports</b>  |             |             |             |             |              |             |             |
| Agriculture and Food      | 5.9         | -3.2        | 0.0         | -4.9        | -4.8         | -0.2        | -0.3        |
| Chemical products         | 9.0         | -2.9        | -0.8        | 7.0         | -10.7        | -0.5        | -1.6        |
| Computers and electronics | 14.8        | -2.6        | -0.1        | 18.1        | -6.3         | -1.2        | -0.9        |
| Iron and steel            | 23.6        | -3.7        | -1.5        | 3.0         | -24.3        | -2.5        | -3.5        |
| Motor vehicles and parts  | 23.6        | 0.0         | 0.7         | 0.2         | 1.7          | 0.7         | 1.0         |
| Natural resources         | -12.2       | -2.0        | -4.8        | -7.1        | 1.5          | -0.9        | -3.3        |
| Other manufacturing       | 9.4         | -1.8        | 0.4         | 7.3         | -19.1        | -0.1        | -1.5        |
| Other metals              | 17.7        | -3.7        | -0.4        | 9.6         | -3.3         | -1.0        | -0.7        |
| Paper products            | 12.4        | -1.4        | 0.1         | 8.3         | -10.9        | -0.6        | -0.5        |
| Pharmaceutical products   | 0.9         | -1.8        | 3.2         | 7.7         | -0.9         | 1.9         | 1.5         |
| Services                  | -1.6        | -2.3        | 0.3         | 0.3         | 3.7          | -0.1        | 0.3         |
| Transport equipment       | -6.3        | -3.8        | 2.2         | -2.0        | 37.5         | 3.3         | 12.8        |
| Wood products             | 15.9        | -4.6        | -0.5        | -5.3        | 1.2          | -1.7        | -1.3        |
| <b>Total</b>              | <b>8.8</b>  | <b>-2.1</b> | <b>0.1</b>  | <b>7.2</b>  | <b>-4.4</b>  | <b>-0.3</b> | <b>-0.4</b> |
| <b>B: Sweden imports</b>  |             |             |             |             |              |             |             |
| Agriculture and Food      | -3.7        | 2.8         | -0.3        | -0.3        | -10.3        | 1.3         | -0.1        |
| Chemical products         | -8.2        | 3.5         | -0.9        | 0.0         | -14.3        | 2.8         | -0.6        |
| Computers and electronics | -17.2       | 5.4         | -0.6        | -4.1        | -21.2        | 1.8         | -0.2        |
| Iron and steel            | -0.6        | 2.7         | -1.0        | 0.0         | -14.0        | 1.4         | -0.6        |
| Motor vehicles and parts  | -3.6        | -19.8       | 0.2         | 0.1         | -11.1        | 1.1         | 0.0         |
| Natural resources         | -11.3       | -0.2        | -7.2        | -0.1        | -19.2        | 1.2         | -0.5        |
| Other manufacturing       | -6.9        | 3.1         | -1.0        | -0.3        | -12.9        | 2.2         | -0.2        |
| Other metals              | -10.9       | 4.6         | -0.8        | -0.3        | -14.9        | 1.7         | -0.3        |
| Paper products            | -6.9        | 3.4         | -0.2        | -0.6        | -14.3        | 1.2         | -0.4        |
| Pharmaceutical products   | -0.3        | 7.7         | 2.1         | 0.0         | -22.6        | 2.4         | 0.2         |
| Services                  | -5.5        | 1.8         | 0.0         | -1.0        | -9.1         | 0.9         | -0.8        |
| Transport equipment       | -15.1       | 4.4         | 0.9         | -2.2        | -20.9        | 0.4         | -0.7        |
| Wood products             | -6.6        | 3.5         | -0.8        | 0.0         | -12.7        | 3.6         | 0.2         |
| <b>Total</b>              | <b>-8.7</b> | <b>3.2</b>  | <b>-0.4</b> | <b>-1.5</b> | <b>-11.5</b> | <b>1.4</b>  | <b>-0.4</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

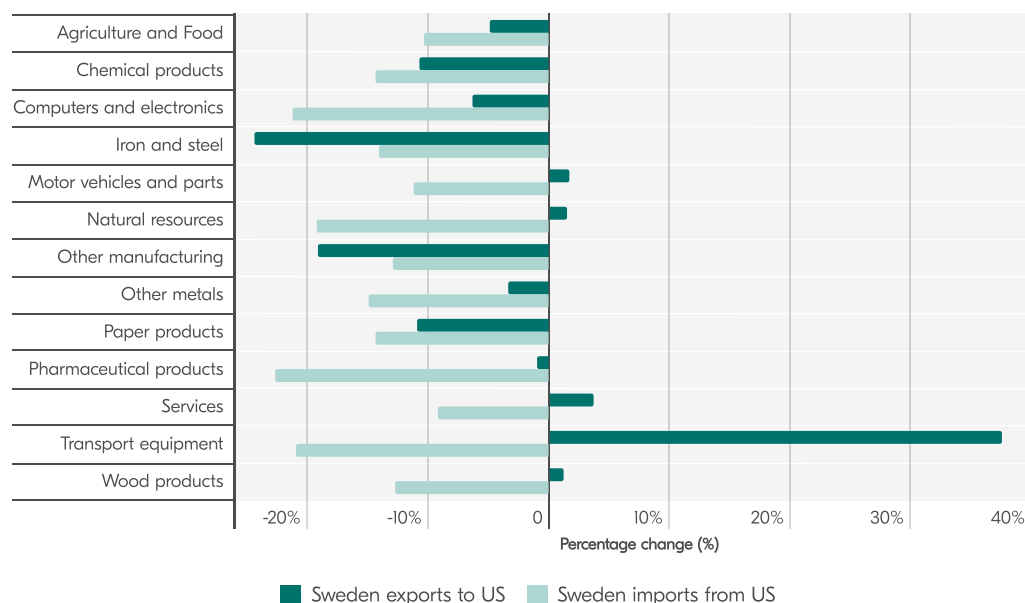
\* RoW refers to the Rest of the World.

Figure 2 shows the percentage change in Sweden's exports to the US by sector. The most striking feature is the uneven response across the manufacturing sectors. While several categories contract sharply, particularly within heavy industry, others remain unchanged or even record strong growth. These are relative effects, meaning that smaller sectors may display large percentage shifts even when their absolute trade values are modest. For a detailed presentation of trade in value term in the reference period (before tariff changes), see Appendix C.

Overall, the results illustrate how tariff shocks have highly differentiated impacts across sectors. While some industries face substantial pressure, others benefit from

improved market access, as a consequence of the fact that Sweden and the EU face comparatively lower tariffs under the Turnberry Agreement.

**Figure 2. Percentage change in Sweden's trade to the US, per sector, following tariff changes**



Source: METRO Simulations by the National Board of Trade, Sweden  
 Note: The scale of the x-axis differs from that used in the other figures.

Swedish exports of motor vehicles and parts show a modest increase, standing out against the broader contraction across manufacturing. This outcome is not primarily a matter of resilience in demand but reflects relatively favourable market access compared with competitors from other countries. Under the Turnberry Agreement, tariffs on EU motor vehicles are capped at 15 per cent, while most other exporters to the US face much higher tariffs, explaining why Swedish automotive exports show modest increase while most other sectors contract.

Exports of pharmaceutical products show only a slight decline, in contrast to the wider chemical industry, which experiences a sharper fall. The pharmaceutical sector is less affected due to both relatively stable demand for medical goods and the fact that the EU enjoys more favourable market access under the Turnberry Agreement. This preferential treatment helps sustain the position of Swedish pharmaceuticals in the US despite increased tariff pressures.

The largest negative change is observed in the iron and steel sector, which records the sharpest contraction of all major sectors. This reflects the direct impact of the 50 per cent tariff applied to the sector. However, the single largest contributor to Sweden's overall export decline to the US is other manufacturing, due both to the magnitude of its percentage decrease and the size of the sector. Other industrial categories such as computers and electronics, chemicals and paper fall sharply.

The surge in transport equipment not elsewhere classified is particularly striking. Although the sector is relatively small in Sweden's export profile, the increase represents the largest positive change in value terms. This outcome is largely driven by tariff relief under the Turnberry Agreement, which strengthened market access and allowed Swedish exports in this category to expand markedly.

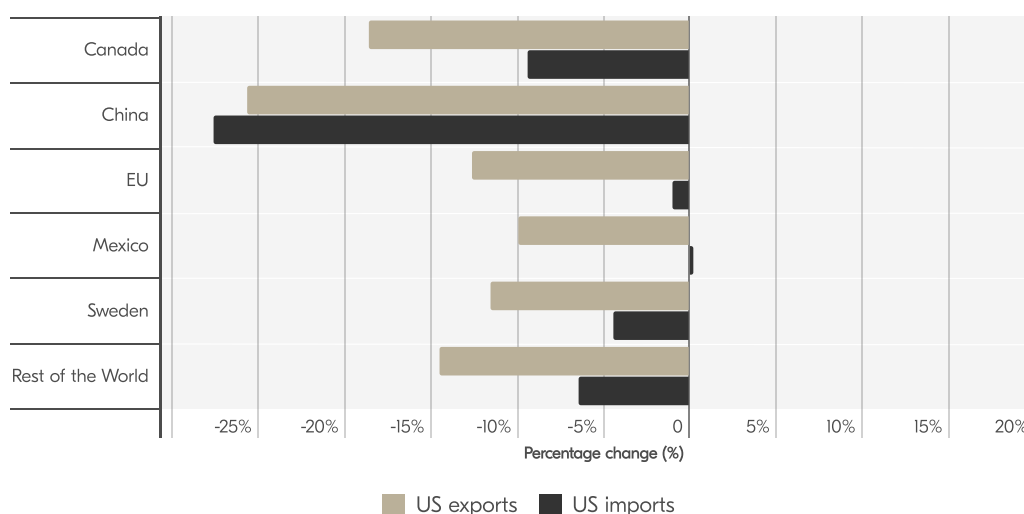
Services provide an important counterweight to the contraction in goods trade. The export increase in services highlights the role of Sweden's service sector as a stabilising force when goods exports come under pressure. The mechanism behind this development is discussed below in the US sub-section.

By contrast, imports from the US show a broad and substantial decline. Almost every major sector contracts, spanning both manufacturing and resource-based industries, pointing to a general weakening in import demand rather than sector-specific shocks. The breadth of this decline suggests that it is linked to wider macroeconomic conditions in the US, including softer demand and production constraints, which limit the flow of goods to Sweden irrespective of tariff settings. This interpretation is reinforced by the fact that the declines persist, despite the EU's elimination of tariffs on non-industrial goods from the US. Since most of these tariffs were already low or zero, the direct effect of liberalisation was limited.

### 5.1.2 Effects for the US

Figure 3 shows that US exports fall across all markets. The tariff shock has its most severe impact on trade with China, where both exports and imports contract sharply, indicating that the disruption hits US sales into the Chinese market hardest while also curbing Chinese shipments to the US. Exports to Canada and Mexico, the US's closest trading partners, also fall noticeably. Imports from Canada register a particularly steep decline, reflecting the higher tariff levels applied relative to Mexico, combined with Canada's retaliatory measures.

**Figure 3. Percentage change in US bilateral trade following tariff changes**



Source: METRO Simulations by the National Board of Trade, Sweden

Trade with the EU follows a similar pattern, with US exports falling significantly more than imports. For the rest of the world, the outcome broadly mirrors these trends: US exports decrease markedly, while imports register smaller reductions.

**Table 2. Percentage change in US Production, Domestic import prices, exports and imports**

|                           | Production | Domestic Import Prices | Exports | Imports |
|---------------------------|------------|------------------------|---------|---------|
| Agriculture and Food      | -3.0       | 5.6                    | -13.6   | -7.2    |
| Chemical products         | -6.0       | 6.8                    | -15.7   | -13.2   |
| Computers and electronics | -8.1       | 8.0                    | -20.9   | -9.6    |
| Iron and steel            | -2.2       | 6.3                    | -20.5   | -22.3   |
| Motor vehicles and parts  | -6.9       | 11.2                   | -19.0   | -9.2    |
| Natural resources         | -6.4       | -1.3                   | -15.4   | 1.6     |
| Other manufacturing       | -3.1       | 9.2                    | -15.0   | -16.2   |
| Other metals              | -5.7       | 12.3                   | -24.7   | -15.6   |
| Paper products            | -4.8       | 4.7                    | -15.7   | -11.3   |
| Pharmaceutical products   | -8.5       | 7.3                    | -23.0   | -6.9    |
| Services                  | -3.0       | -5.1                   | -9.5    | 3.8     |
| Transport equipment       | -6.2       | 7.9                    | -21.4   | -8.8    |
| Wood products             | -2.4       | 7.3                    | -21.9   | -19.0   |
| Total                     | -3.5       | 5.5                    | -14.9   | -8.0    |

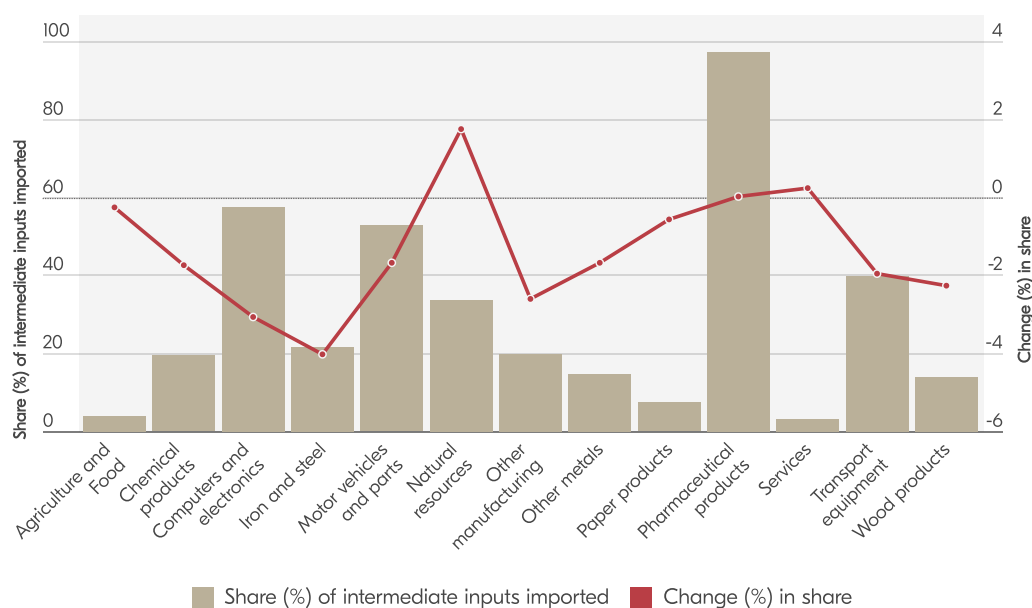
Source: METRO Simulations by the National Board of Trade, Sweden

Table 2 reports percentage changes in production, prices and trade across US sectors following the tariff increases. Overall production declines by 3.5 per cent, with losses recorded in every sector. Value-chain-intensive industries, such as computers and electronics, motor vehicles and pharmaceuticals, are particularly affected, alongside a substantial fall in other manufacturing, one of the largest sectors. The table also shows that relative import prices rise, mirrored by falling import volumes in these industries. Higher tariffs on sectors dependent on imported intermediate inputs thus weigh heavily on production.

Figure 4 illustrates this mechanism further, with the red line showing the change in the share of imported intermediate inputs. The share of imported inputs in US production falls across nearly all sectors. In some cases, the decline is pronounced, while in pharmaceuticals, the share remains unchanged. This reflects the fact that inputs in this sector are almost entirely imported and cannot be substituted. The share therefore stays constant, but higher costs nonetheless depress production.

Taken together, these effects lead to a pronounced decline in exports across all sectors. Notably, those industries most adversely affected are the very sectors the US has sought to shield, such as steel, motor vehicles and pharmaceuticals. The reason is their deep integration into global value chains, which makes them particularly vulnerable to higher costs of imported intermediates. The tariffs reduce access to competitive, high-quality inputs, raising costs, lowering productivity and, ultimately, curbing exports.

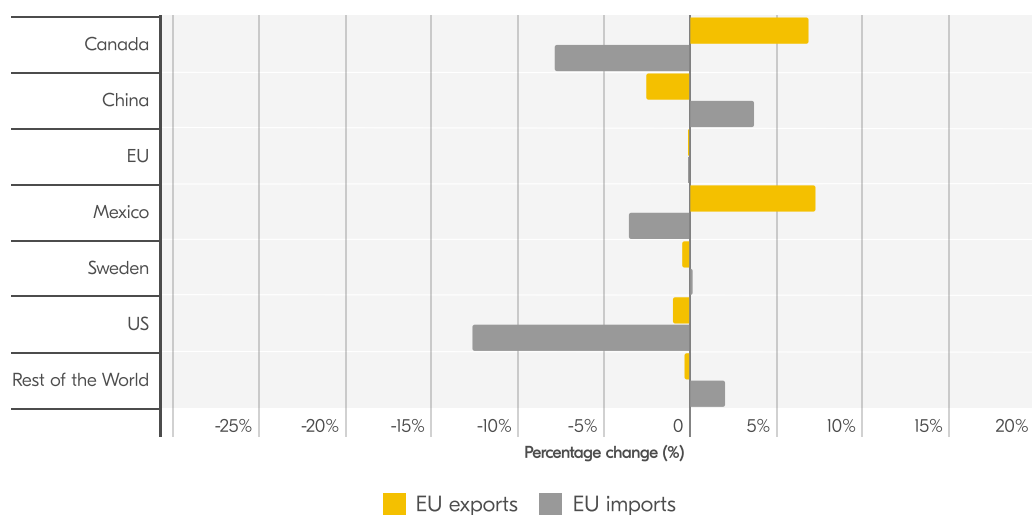
It is notable that services, a major sector of the US economy, register a decline in domestic production. This reflects higher production costs, which make it relatively more expensive to supply services domestically. At the same time, imports of services increase, as foreign provision becomes comparatively cheaper. This shift in relative prices drives higher demand for foreign services, while US service exports fall.

**Figure 4. Share and change in US intermediate inputs imported following tariff change**

Source: METRO Simulations by the National Board of Trade, Sweden

### 5.1.3 Effects for the EU

Figure 5 shows that the tariff shock has uneven effects on EU exports. While trade with the US falls, imports from China and the rest of the world increase. EU exports in percentage terms increase to Canada and Mexico. At the sectoral level, presented in Table 24 in Appendix D, the steepest export decline is recorded in the iron and steel sector, which remains subject to tariffs of up to 50 per cent.

**Figure 5. Percentage change in EU bilateral trade following tariff changes**

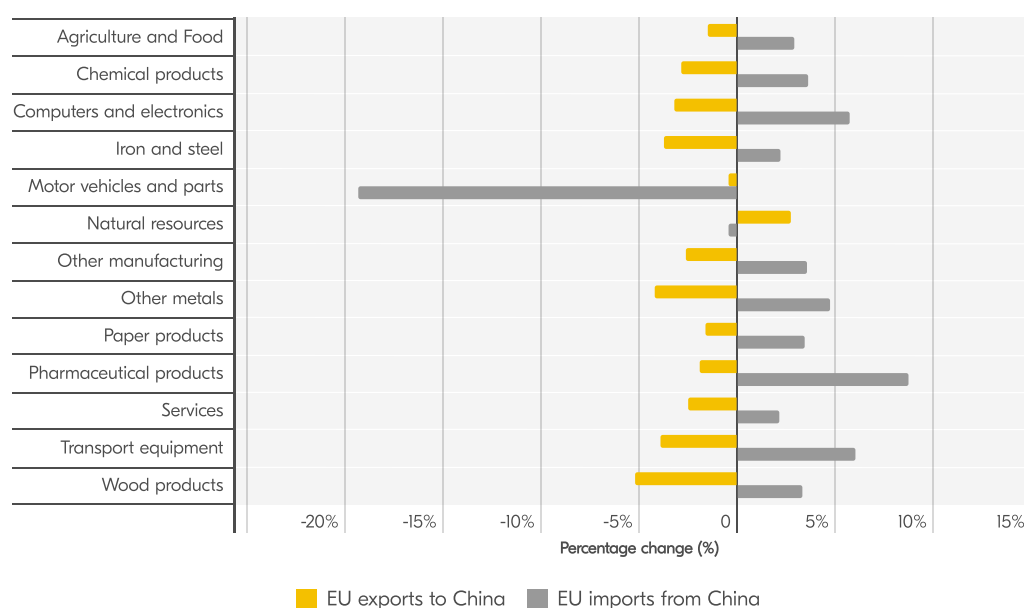
Source: METRO Simulations by the National Board of Trade, Sweden

By contrast, a few sectors such as pharmaceuticals, motor vehicles and transport equipment show resilience. These outcomes are largely explained by the EU's preferential market access to the US under the Turnberry Agreement. The relatively smaller decline in EU exports to the US compared with Sweden's exports reflects the fact that transport equipment – including aircraft and aircraft parts – accounts for a larger share of total EU exports. In aggregate, EU imports are almost unaffected by

the tariff changes, with only small declines across most sectors and limited gains in a few.

EU policymakers have voiced concern that China might be redirecting a substantial share of the exports lost on the US market towards the EU.<sup>14</sup> Figure 6 (grey bars) indicates an overall rise in EU imports from China of about 3 per cent. Increases are visible across a wide range of sectors, such as pharmaceuticals, computers and electronics, transport equipment, paper products, chemicals, other manufacturing and other metals, with services also edging upwards. By contrast, imports of motor vehicles decline, reflecting the impact of EU anti-subsidy measures on Chinese manufactured battery-electric vehicles.

**Figure 6. Percentage change in EU trade to China, per sector, following tariff changes**



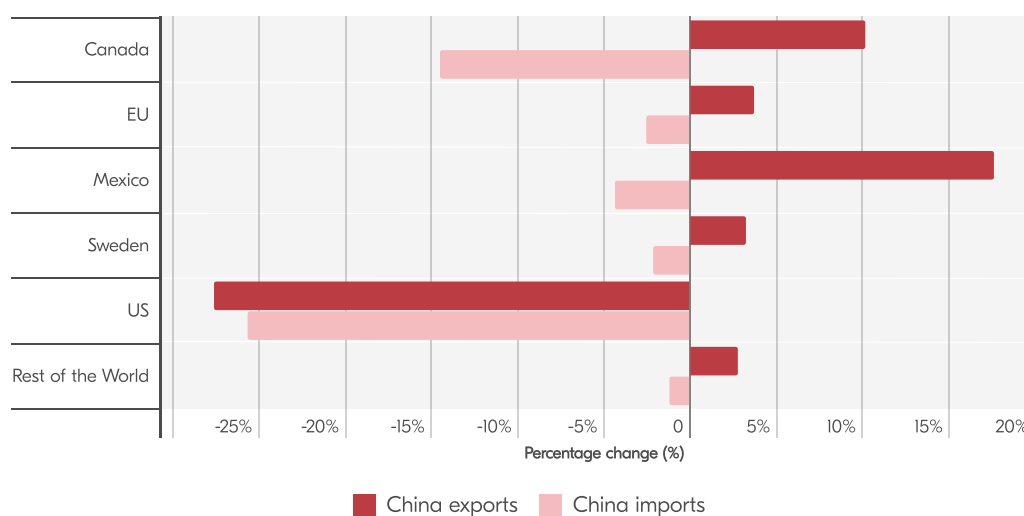
Source: METRO Simulations by the National Board of Trade, Sweden

Focusing on exports (yellow bars), EU exports to China generally decline, with the sharpest contractions in transport equipment, wood products, iron and steel, and computers and electronics. Motor vehicles register only a marginal decrease. This pattern is consistent with weaker demand in China alongside a greater reliance on domestic production.

### 5.1.4 Effects for China

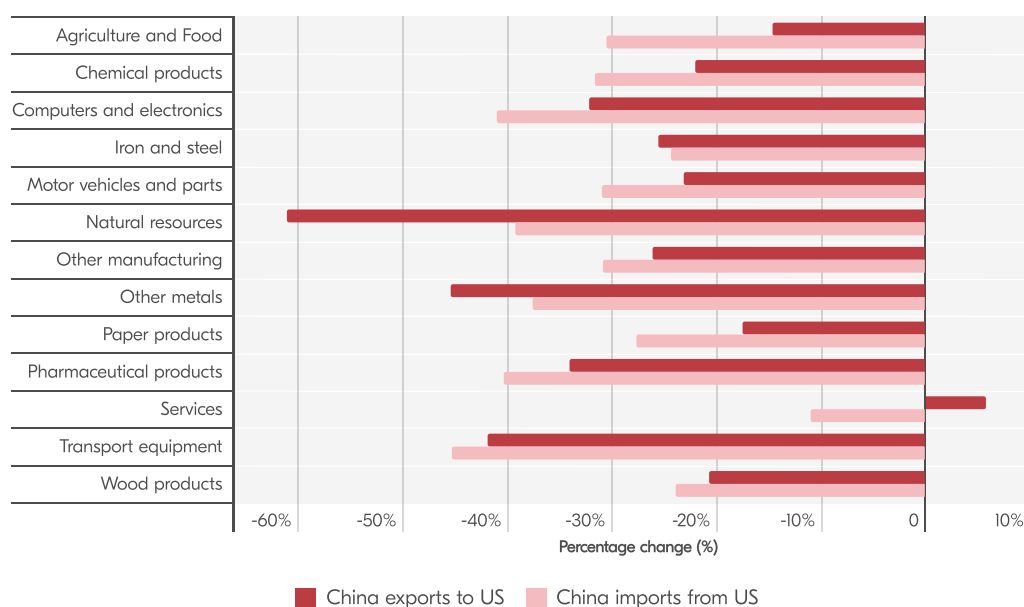
Figure 7 shows that China's exports to the US decline sharply. At the same time, shipments are redirected to other markets, with the largest percentage increases to Mexico and Canada, and a notable increase to the EU and Sweden, which continues to be a major destination in value terms for Chinese goods (for trade in the reference period, see Appendix C). Additional growth is also observed in exports to the rest of the world (Table 26 in Appendix D). This reallocation, together with a higher domestic absorption of output, mitigates part of the external shock on China's production.

14. European Commission, Press statement by President von der Leyen with Norwegian Prime Minister Støre (7 April 2025).

**Figure 7. Percentage change in China's bilateral trade following tariff changes**

Source: METRO Simulations by the National Board of Trade, Sweden

Figure 8, which illustrates China's sectoral trade with the US, shows declines across nearly all categories. The steep reductions occur in both raw materials and more advanced sectors. As noted in the US section, Chinese imports of services rise, providing a contrast to the broader downward trend. On the import side, reflecting US exports to China, the pattern is again one of contraction.

**Figure 8. Percentage change in China's trade to the US, per sector, following tariff changes**

Source: METRO Simulations by the National Board of Trade, Sweden  
 Note: The scale of the x-axis differs from that used in the other figures.

## 5.2 Macroeconomic effects

Table 3 presents a picture of global economic weakening. Across all key indicators – GDP, trade, income and consumption – the direction is uniformly downward, indicating that the slowdown is broad-based rather than confined to specific areas.

**Table 3. Percentage change in regions' macroeconomic variables following tariff changes**

| Variables                        | Canada | China | EU    | Mexico | Sweden | US    | RoW*  | Total |
|----------------------------------|--------|-------|-------|--------|--------|-------|-------|-------|
| Real GDP                         | -5.99  | -1.02 | -0.07 | -0.91  | -0.16  | -3.16 | -0.51 | -0.76 |
| Domestic production quantity     | -6.63  | -1.08 | -0.16 | -1.01  | -0.24  | -3.47 | -0.56 | -1.32 |
| Domestic bilateral import prices | -1.06  | 2.34  | 0.70  | -0.14  | 0.54   | 5.50  | 4.66  | 1.64  |
| Import demand                    | -8.95  | -3.72 | -0.15 | -2.29  | -0.40  | -8.60 | -1.24 | -1.60 |
| Labour demand                    | -8.86  | -1.29 | -0.14 | -2.18  | -0.31  | -5.13 | -0.66 | -1.03 |
| Household disposable income      | -8.60  | -1.59 | -0.13 | -1.87  | -0.27  | -4.47 | -0.80 | -1.12 |
| Private consumption              | -5.14  | -1.45 | -0.14 | -1.72  | -0.18  | -3.60 | -0.70 | -1.00 |

Source: METRO Simulations by the National Board of Trade, Sweden  
 \* RoW refers to the Rest of the World.

For Sweden and the EU, the declines are relatively mild. Their economies are not immune, but the impact is modest.

The US experiences a much deeper contraction. The fall is pronounced in trade, particularly imports, and is exacerbated by clear declines in production, demand and consumption. This points to a wider loss of economic momentum both at home and abroad.

In China, weakening is spread across all variables but is less dramatic compared to the US. Import demand is the variable that shows the largest decrease.

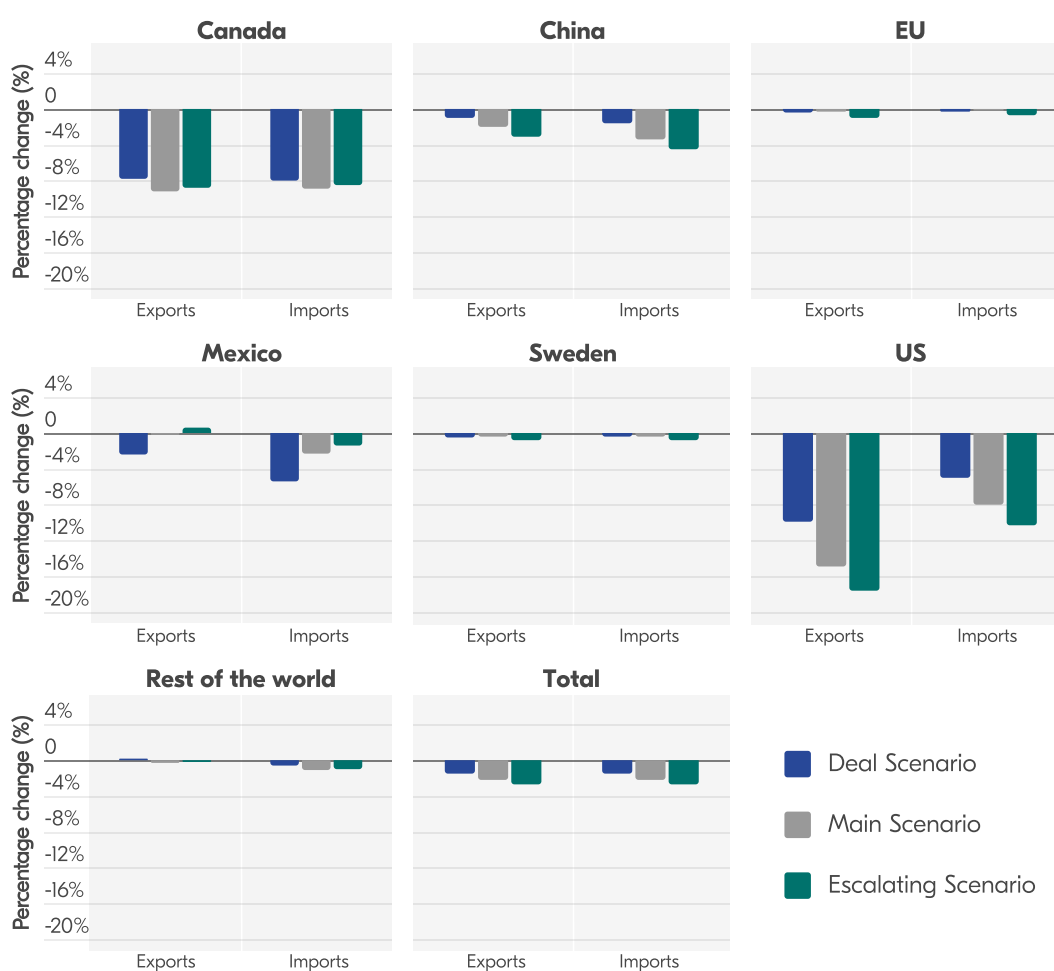
Canada stands out as the most severely affected. All variables show steep declines, from growth and production to income, demand and consumption. The downturn is broad and deep, making Canada the most vulnerable economy in this comparison. Mexico is not as heavily affected, partly because Canada's exports are more exposed to the US market, face steeper tariff increases and are further constrained by Canada's own countermeasures.

## 6. Comparison between scenarios

Alongside the main scenario, two additional scenarios are analysed: the *deal scenario*, reflecting a possible easing of tensions, and the *escalating scenario*, capturing a further increase in tariff tensions. This section compares the outcomes across scenarios, highlighting how results diverge, as well as the mechanisms behind these differences. For a full description of the scenarios, see Chapter 4, with further technical details provided in Appendix B.

Figure 9 shows the percentage change in total exports and imports for each country and region under the three scenarios. Results from the *deal scenario* are shown in dark blue bars and the *escalating scenario* in green. The *main scenario* is included for comparison in grey.

**Figure 9. Comparison between percentage change in trade following different tariff changes**



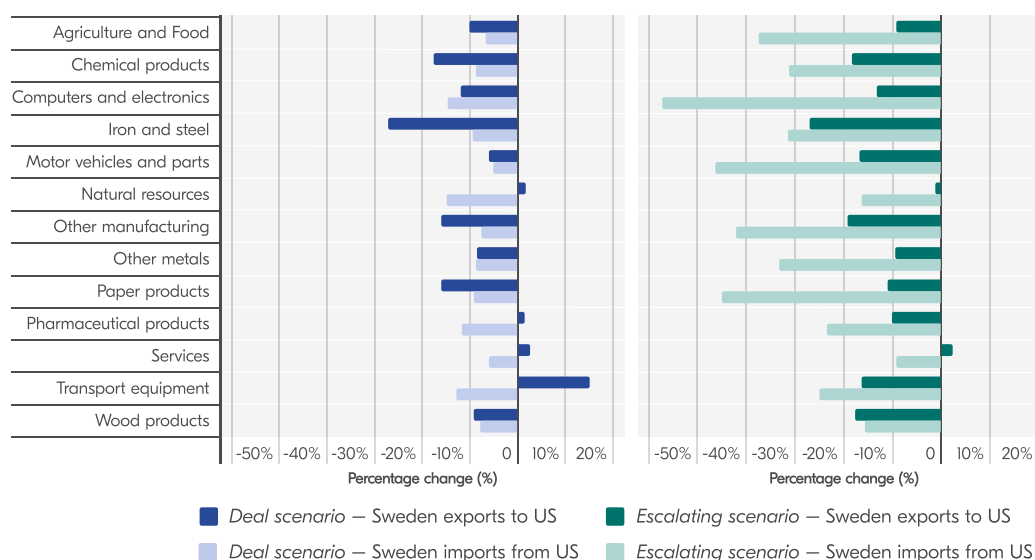
Source: METRO Simulations by the National Board of Trade, Sweden

## 6.1 The deal scenario

In the *deal scenario*, where the US secures improved market access for industrial goods and tariffs with China are reduced, the overall impact on global trade (Figure 9) is, as expected, less severe than in the main scenario. The relative improvement is most pronounced for the US, while for Sweden and the EU, the outcome is marginally worse. A driver of this result is that Chinese and global exports to the US contract less sharply in this scenario, due to improved market access, which crowds out part of Sweden's and the EU's exports. This reflects the fact that their current advantage in the US market is weakened once other countries face similar tariff levels as the EU.

For Sweden (Figure 10), exports to the US decline further in the deal scenario. Iron and steel remain among the most negatively affected sectors, while motor vehicles – a sector that previously benefited from relatively favourable access – is adversely affected as competing exporters gain improved access to the US market.

**Figure 10. Comparison between percentage change in Sweden's trade to the US, per sector, following different tariff changes**



Source: METRO Simulations by the National Board of Trade, Sweden  
 Note: The scale of the x-axis differs from that used in the other figures.

From the perspective of US exports, the tariff reductions in the deal scenario suggest that certain sectors contract less than in the main scenario. Pharmaceutical exports, for example, are less severely affected, as lower costs for imported inputs ease pressure on domestic production. Motor vehicles also record stronger export performance when tariffs are reduced.

China's improved access to the US market reduces the need to redirect products to alternative destinations, including the EU. As a result, EU imports from China still rise, although to a smaller extent than in the main scenario (Table 30 in Appendix D).

For Canada and Mexico, the outcomes differ. As mentioned, they are subject to a separate tariff regime and do not benefit from the same "deals" as other regions. Although some tariff relief applies, the scale of improvement is proportionally much smaller than elsewhere.

As shown in Table 4, the negative effects on GDP, production and other macroeconomic indicators are still present, but less severe compared to the main scenario. For the US and China, GDP losses are roughly halved compared with the

main scenario. For the EU and Sweden, however, the differences are marginal. Canada, on the other hand, also stands out as the most severely affected economy under this scenario.

**Table 4. Percentage change in regions' macroeconomic variables following tariff changes, in the deal scenario**

| Variables                        | Canada | China | EU    | Mexico | Sweden | US    | RoW*  | Total |
|----------------------------------|--------|-------|-------|--------|--------|-------|-------|-------|
| Real GDP                         | -5.36  | -0.55 | -0.15 | -1.47  | -0.19  | -1.83 | -0.31 | -0.48 |
| Domestic production quantity     | -5.91  | -0.58 | -0.24 | -1.99  | -0.26  | -2.05 | -0.32 | -0.84 |
| Domestic bilateral import prices | -0.27  | 1.21  | 0.40  | 1.36   | 0.22   | 4.72  | 3.96  | 1.50  |
| Import demand                    | -8.01  | -1.84 | -0.29 | -5.33  | -0.40  | -5.23 | -0.63 | -0.92 |
| Labour demand                    | -7.95  | -0.70 | -0.29 | -3.53  | -0.40  | -3.00 | -0.39 | -0.65 |
| Household disposable income      | -7.56  | -0.88 | -0.24 | -2.56  | -0.31  | -2.64 | -0.51 | -0.72 |
| Private consumption              | -4.32  | -0.81 | -0.19 | -2.49  | -0.18  | -2.21 | -0.46 | -0.66 |

Source: METRO Simulations by the National Board of Trade, Sweden  
 \* RoW refers to the Rest of the World.

## 6.2 The escalating scenario

The *escalating scenario* models a renewed tariff confrontation, in which the EU–US Turnberry Agreement ceases to apply, the EU introduces countermeasures and tariffs between the US and China are further elevated. As shown in Figure 9 (green bars), the effects on world trade are more negative than under the other scenarios.

For the US, both exports and imports fall to a greater extent. China also records a greater decline in overall trade, with flows to the US hardest hit and a partial redirection of exports towards other markets, including the EU (Table 34 in Appendix D).

For Sweden and the EU, total trade contracts more than in the deal scenario, though the aggregate effect remains relatively modest. The steepest impact is on Sweden's exports to the US (Figure 10 above), which decline sharply across a wide range of sectors. The most affected are those where the EU and Sweden no longer benefit from relatively favourable market access, including motor vehicles, pharmaceuticals, chemicals and wood products. Exports of other manufacturing also weaken further, while iron and steel remain heavily affected, broadly consistent with the other scenarios. Figure 10 further illustrates the significant effect of EU countermeasures on Sweden's imports from the US, especially in the computers and electronics, and motor vehicles sectors. At the same time, EU – and Sweden's – imports from third countries, particularly China, expand further, reflecting both the deterioration in China–US trade and the higher tariffs imposed on transatlantic flows.

For Canada and Mexico, the picture differs. Although they face somewhat higher tariffs from the US in this scenario, the increases are relatively smaller than those faced by other partners. Compared with the *deal scenario*, both exports and imports contract less. Canada, however, continues to be more negatively affected than Mexico, reflecting higher tariffs and the additional impact of its own countermeasures. In contrast, Mexico's total exports even show a modest increase under this scenario.

At the macroeconomic level, the effects intensify compared to the main scenario (Table 5). Global GDP, production and trade all contract more sharply than in the other scenarios. In relative terms, compared to the main scenario, the GDP decline is greatest for the EU and Sweden, reflecting the negative effects caused by the

introduction of countermeasures against the US. In absolute terms, the steepest reductions occur in the US, followed by China. Canada continues to suffer the most severe downturn overall.

**Table 5. Percentage change in regions' macroeconomic variables following tariff changes in the escalating scenario**

| Variables                        | Canada | China | EU    | Mexico | Sweden | US     | RoW*  | Total |
|----------------------------------|--------|-------|-------|--------|--------|--------|-------|-------|
| Real GDP                         | -5.74  | -1.41 | -0.43 | -0.75  | -0.46  | -4.03  | -0.46 | -0.83 |
| Domestic production quantity     | -6.36  | -1.49 | -0.57 | -0.69  | -0.56  | -4.40  | -0.48 | -1.63 |
| Domestic bilateral import prices | -0.89  | 4.19  | 1.44  | -0.22  | 1.16   | 4.64   | 4.41  | 1.91  |
| Import demand                    | -8.53  | -5.28 | -0.84 | -1.36  | -0.82  | -10.98 | -1.10 | -1.69 |
| Labour demand                    | -8.49  | -1.77 | -0.80 | -1.81  | -0.89  | -6.49  | -0.58 | -1.17 |
| Household disposable income      | -8.29  | -2.20 | -0.66 | -1.67  | -0.74  | -5.62  | -0.76 | -1.22 |
| Private consumption              | -4.96  | -2.01 | -0.47 | -1.53  | -0.35  | -4.29  | -0.66 | -1.07 |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

In the US, labour demand falls significantly, reflecting the combined impact of higher tariffs, rising costs of imported intermediates and the sharp contraction in domestic production. For Sweden, the steep decline in exports to the US also weighs on labour demand in exposed sectors, a pattern that is mirrored at the EU level.

## 7. Conclusions

In this analysis, the National Board of Trade Sweden has simulated the economic effects of three scenarios. The main scenario represents the most recent and significant tariff developments between the US and the rest of the world since the latter part of 2024 which are currently in force or under investigation (mid-September 2025), including the tariff levels of the Turnberry Agreement. In addition, two alternative scenarios were simulated, capturing both lower and higher tariff levels.

In the *main scenario*, the results indicate a decline in economic activity across all countries and regions, driven by a contraction in international trade. The impact is significant for the US, where GDP falls by around 3 per cent. Canada experiences the most severe downturn overall, while China also records a reduction in GDP.

While the overall impact on Sweden's trade might be moderate in the main scenario, certain sectors and specific trading relationships would experience more severe consequences. For instance, Sweden's exports to the US in the iron and steel sector decrease sharply. Similarly, the tariffs would impact the EU as a whole, with declining economic exchange with the US in certain sectors. Other analysed regions experience a larger negative impact in trade with the US. The fact that Sweden and the EU manage comparatively well is due to the Turnberry Agreement, which gives them relatively better market access to the US than other countries in the main scenario. Consistent with earlier simulations from the NBTS, the imports from China to the EU are expected to increase by around 3 per cent, while exports decrease due to the tariff changes.

Although the steepest US tariff levels against Chinese imports have been reduced, China remains the country facing the highest tariffs in the US market. As a result, China's overall trade is expected to contract, though to a considerably lesser extent than that of the US. The tariff measures also imply that China will need to absorb a larger share of its own production domestically while simultaneously seeking new export destinations. Accordingly, Chinese exports to other countries are expected to increase.

In the *deal scenario*, in which most countries secure agreements, the US gains improved market access for industrial goods and tariffs between the US and China are reduced, the overall impact on global trade is less severe. The relative difference compared with the main scenario is largest for the US. For Sweden and the EU, however, outcomes are marginally worse than in the main scenario, reflecting that the relatively lower US tariff levels are neutralised once other countries face similar levels. Another factor is that exports from China and the rest of the world to the US decline less relative to the main scenario, replacing part of EU and Swedish exports. With China's improved access to the US, the need to divert goods to other markets, including the EU, is reduced.

The negative impact on the global economy – including GDP, production and related indicators – is reduced in the deal scenario. For the US and China, GDP losses are roughly halved compared with the main scenario, while for the EU and Sweden, the effects remain marginal. Canada still experiences the most severe downturn in this scenario.

In the *escalating scenario*, which captures renewed tariff tensions – the Turnberry Agreement is no longer in force, EU countermeasures are introduced and tariffs between the US and China are raised further – the impact on world trade is markedly

more negative. For the US, both exports and imports contract sharply. China also experiences a clear reduction in trade, with flows to the US hardest hit and an even stronger reallocation of exports towards other markets, including the EU. For Sweden and the EU, the aggregate effect on overall trade is only marginally worse than under the deal scenario. However, Swedish exports to the US decline further, with broad-based losses across key sectors such as motor vehicles, pharmaceuticals, chemicals and wood products. At the same time, EU countermeasures weigh heavily on Sweden's imports from the US, with particularly pronounced effects in computers and electronics as well as motor vehicles.

At the macroeconomic level, the downturn deepens in the escalating scenario. While the relative contraction in GDP is largest for the EU and Sweden, the steepest declines in absolute terms occur in the US, followed by China. Canada remains the hardest hit economy overall. In the US, labour demand falls sharply, reflecting the impact of sharply higher tariffs, rising costs of imported intermediates and a pronounced negative effect on domestic production.

In all three scenarios the analysis shows that tariffs are an ineffective tool for protecting domestic industries, with the US standing out as the country most negatively affected from a trade perspective. The tariffs would particularly hurt the industries they are intended to protect, largely because these sectors depend on imported intermediate goods for their production. Tariffs would reduce the share of competitive foreign inputs in production, driving up costs, lowering productivity, reducing exports and negatively affecting the labour market.

From a modelling perspective, while the overall trade effects for some regions, such as Sweden and the EU at the aggregate level, appear modest, it is important to note that the simulations still reflect an equilibrium setting. The transition towards such an outcome may involve considerable short-term turbulence as sectors adjust to new trade patterns, resource allocations and competitive pressures. Adjustment costs, policy responses and market rigidities could amplify these challenges, meaning that even regions with limited effects in the simulations may face significant short-term disruptions.

As this analysis focuses on tariffs, it is important to note that they represent only one part of the evolving trade policy landscape. Other factors – including targeted non-tariff barriers, port call charges, the removal of exemptions for low-value consignments and broader economic uncertainty – also shape trade outcomes. Events in the global economy can influence developments in both positive and negative directions, and the results presented here should therefore be understood as illustrating the potential impact of tariff changes on the economy in general and on trade patterns in particular. Against this background, the use of three scenarios serves as a framework for exploring relative outcomes and the mechanisms that drive them, even if real-world trade policy is more complex than any model can capture.

## 8. Policy implications

In line with previous simulations, the three scenarios presented in this analysis show that US trade is the most severely affected by the tariff changes. In macroeconomic terms, the US suffers economic losses. More broadly, tariff policy is expected to distort markets within the US, raising prices and leading to inefficient resource allocation, with costs borne by American firms and consumers. These price effects may be amplified if tariffs are combined with expansionary fiscal measures – such as tax cuts that stimulate demand – or with restrictive migration policies that constrain labour supply and raise labour costs. Taken together, this makes the net impact for the US economy as a whole more complex and less predictable.

Regardless of which scenario proves closest to future developments, firms in several export-oriented sectors in Sweden and the EU, and other countries, will face growing difficulties competing on the US market. While the results for foreign trade provide useful insights, they do not fully capture the impact on companies, as many operate production facilities and trade networks outside their home country.

Further, the simulations reflect the impact of changed tariff levels. An equally significant challenge arises from the uncertainty that already characterises – and is expected to continue to characterise – the world economy. Companies will be confronted with difficult decisions on how to sustain their presence in the US market. Firms of all sizes are affected by tariffs, other trade costs and uncertainty. While larger firms are generally better positioned to adapt through strategic choices, such as relocating production, smaller firms face greater obstacles. With persistent tariffs, adverse employment effects can be expected with high exposure to the US market.

Across all scenarios, the simulations point to increasing exports to the EU from China and the rest of the world. This development has several dimensions and may influence competition, pricing and market conditions within the EU in various ways. Concerns over a sharp rise in imports from China have already intensified the debate within the EU on the need for trade defence measures. This also feeds into the broader debate on reducing dependency on China through diversification. If measures are introduced to limit Chinese imports, they should be grounded on a sound factual basis and be consistent with EU and WTO law.

At the same time, potential opportunities may arise. In a high-cost environment, where many firms are already facing rising expenses and tight margins, greater access to foreign intermediate goods, including from China, could ease some pressures. However, while greater access can provide relief, it also brings potential complications depending on how US rules of origin policies evolve. Should goods containing components from certain countries be subject to high tariffs or be restricted, increased access to such goods may come at the cost of market access to the US for firms that rely heavily on such content. Decisions by the US and the EU on rules of origin, as well as the results of the upcoming renegotiation of the USMCA, will be important to follow.

China is expected to expand its trade with the rest of the world, which could strengthen its geopolitical influence. US tariffs may therefore ultimately support China's ambitions to extend its global presence, particularly in developing economies. China's growing presence in international markets could also intensify competitive pressures for firms worldwide.

The new US trade policy also underlines the foundations of the rules-based trading system. By acting unilaterally and departing from international commitments and

established norms, the uncertainty already characterising world trade is further exacerbated. The challenge becomes even greater when partners with whom the US has struck deals, likely under pressure from economic or political considerations, follow suit by diverging from their own multilateral commitments.

Although core multilateral trade principles are being challenged, the continued ambition must be to ensure that the path forward remains anchored in open, rules-based trade and international cooperation. This calls for decisive action and strategic collaboration among like-minded partners committed to international cooperation.

One option that should be considered in this context is the establishment of a coalition of like-minded countries – a so-called rules-based trade coalition – to jointly safeguard and further develop rules-based trade. The EU and countries already party to ambitious trade agreements could form the central core of such cooperation, while other suitable countries could also be invited to participate. By deepening economic relations with these countries and simultaneously pushing to conclude several of the EU's ongoing free trade negotiations, a strong counterweight could be created to the increasing fragmentation of the global trading system. While new partnerships are essential for the future, it is important to stress that new agreements and arrangements are unlikely to fully compensate for the loss of access to the US market, especially in the short term.

Finally, and perhaps most fundamentally, it is crucial to recognise that we have now entered a new era in trade policy. This new era will require solutions that draw inspiration from past approaches but are not bound to replicate them.

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## Appendix A – Reference scenario and methodological considerations

The reference scenario builds on the METRO model's 2017 baseline, updated with three key changes to capture major trade-related developments since then (Table 6). First, the additional tariffs imposed by the US and China on each other during 2018–2020, which remain in force.<sup>15</sup> Second, sanctions against Russia and Belarus are incorporated, modelled as near-prohibitive tariffs on both imports from and exports to these countries. Third, US tariffs and quotas on aluminium, with certain exemptions, introduced in 2018 and still in effect, are included.<sup>16</sup> No other changes to the global economy are included.

**Table 6. Adjustments applied to the updated reference scenario (through mid-2024)**

| Country/Region                                                | Adjustments to the reference scenario                                                                                                                                                                                               |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Canada, EU26, Sweden, US and Rest of the world with sanctions | Sanctions against Russia and Belarus are reflected by raising import tariffs on goods from Russia and Belarus, as well as export tariffs on goods to these countries, to near-prohibitive levels, in order to mirror the sanctions. |
| China and the US                                              | Tariffs imposed by the US and China on each other between 2018 and 2020, which remain in force today.                                                                                                                               |
| The US                                                        | Tariffs on steel and aluminium introduced in 2018, with certain exemptions.                                                                                                                                                         |

Source: TDM, MOFCOM, PIIE, US Commerce.

The simulations use METRO's standard closure and assumptions, including a fixed balance of payments, flexible government spending and fixed tax rates. Results should therefore not be interpreted as definitive conclusions about trade balances, fiscal balances or government debt. Under the chosen closure, public consumption is allowed to adjust with tariff revenues, while tax rates remain fixed, which limits the model's capacity to simulate fiscal or debt outcomes.

For this analysis, two modifications were introduced to the standard METRO framework to better capture medium-term adjustment dynamics. These adjustments differ from earlier NBTS analyses, where equilibrium outcomes were interpreted as medium-term (approximately 5–7 years).

15. Trade Data Monitor (2024), Trade dataset; U.S. International Trade Commission (2024), China Tariffs; Ministry of Finance of the People's Republic of China (2024), Policy Announcements; United States Trade Representative (2017), 'USTR Announces Initiation of Section 301 Investigation of China'.

16. Who's Affected by Trump's Steel and Aluminum Tariffs", Peterson Institute for International Economics (PIIE); Trump's Long-Awaited Steel and Aluminum Tariffs Are Here", Peterson Institute for International Economics (PIIE), Trade and Investment Policy Watch, 2018; United States Department of Commerce, The Effect of Imports of Aluminum on the National Security with Redactions, 2018.

- **Labour market closure.** The labour market specification was altered to allow unemployment, rather than assuming full employment at all times. This closure implies that labour supply is fixed, while employment becomes endogenous. Adjustment to shocks therefore manifests partly as changes in employment levels, rather than exclusively through wage movements. This makes it possible to capture transitional effects and labour-market adjustment costs that are otherwise suppressed in a full-employment setting. The labour categories used in the model are shown in Table 7 (rows 2–6), which lists the different labour types represented in METRO.
- **Import elasticities.** The import-source elasticities, which determine the degree of substitutability between imports from different foreign suppliers, were reduced by 40 per cent (from 1.0 to 0.6). A lower elasticity implies weaker substitutability: trade flows reallocate more slowly and less completely in response to tariff shocks. This reflects trading realities in the shorter term, where contracts, supply routes, long-term relationships and order cycles constrain immediate adjustment. In practice, firms may absorb cost increases in the short term rather than instantly reorganising supply chains. By contrast, the standard value of 1.0 corresponds to stronger substitution, which is more consistent with long-term equilibrium dynamics.

The analysis covers Sweden, the EU26, the US, China, Mexico and Canada. To construct the reference scenario, simulations were also conducted for Russia/Belarus, “Rest of the world with sanctions against Russia/Belarus” and “Rest of the world without sanctions”. In the presentation of results, these regions are aggregated into “Rest of the world”. The full set of countries/regions can be found in Table 8.

Finally, fourteen sectors are included (Table 9), chosen primarily on the basis of their importance for Sweden’s exports to the US and their exposure to current and announced tariffs. This implies that certain sector-specific effects for other countries may not be fully represented.

**Table 7. Production factors**

| Production factors (8)                     |
|--------------------------------------------|
| Land                                       |
| Technical and assistant professionals      |
| Clerks                                     |
| Services and shop assistants               |
| Office managers and professionals          |
| Agricultural and other low skilled workers |
| Capital                                    |
| Natural resources                          |

Source: Authors’ compilation.

**Table 8. Countries and regions**

| Country/Region (7)                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------|
| Canada                                                                                                                                     |
| China                                                                                                                                      |
| EU26                                                                                                                                       |
| Mexico                                                                                                                                     |
| Sweden                                                                                                                                     |
| US                                                                                                                                         |
| Rest of the World (consisting of Russia/Belarus, <i>Rest of the world with sanctions</i> and <i>Rest of the world without sanctions</i> ). |

Source: Authors' compilation.

**Table 9. Sectors**

| Sectors (14)              |                          |
|---------------------------|--------------------------|
| Agriculture and Food      | Paper products           |
| Natural resources         | Chemical products        |
| Other manufacturing       | Pharmaceutical products  |
| Computers and electronics | Motor vehicles and parts |
| Iron and steel            | Transport equipment      |
| Other metals              | Transport services       |
| Wood products             | Services                 |

Source: Authors' compilation.

## Appendix B – Included tariffs

This appendix provides a comprehensive overview of tariff measures incorporated into the simulations. Table 10 cover the measures that define the main scenario (tariffs currently in force, including the EU–US Turnberry Agreement). In addition, the appendix provides supplementary information on assumptions used in the deal scenario and the escalating scenario.

**Table 10. Simulated tariffs in the main scenario**

| Country imposing tariff | Country affected                 | Tariff                                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------|----------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| US                      | All (unless otherwise specified) | Reciprocal tariff                              | Country-specific duties under Executive Order 14257. Not applied to Canada and Mexico, which are instead subject to IEEPA tariffs and USMCA provisions. Rates vary by partner (e.g. 10 per cent on China, 25 per cent on India, 50 per cent on Brazil). Exemptions cover Annex II items. Cumulative with Section 301 and IEEPA on China; Section 232 tariffs take precedence over the reciprocal tariff.                                                |
| US                      | All                              | Section 232 – motor vehicles and parts         | 25 per cent national-security duty. Take precedence over the reciprocal tariff. For the EU, tariff is capped at 15 per cent under the Turnberry Agreement. For the UK, a 12 per cent quota-based tariff is assumed (100,000 vehicles) under the U.S.–UK Economic Prosperity Deal. For Canada and Mexico, USMCA-compliant vehicles and parts are exempt. Cumulative with Section 301 and IEEPA on China.                                                 |
| US                      | All                              | Section 232 – steel, aluminium and derivatives | 50 per cent national-security duty. Take precedence over the reciprocal tariff. For the EU, a TRQ mechanism is referenced in the Joint Statement but without operational detail; in the modelling the full 50 per cent rate is applied in absence of clearer commitments. For the UK, a 25 per cent tariff is assumed under the U.S.–UK Economic Prosperity Deal. Cumulative with Section 301 and IEEPA on China.                                       |
| US                      | All                              | Section 232 – copper                           | 50 per cent national-security duty. Take precedence over the reciprocal tariff. Cumulative with Section 301 and IEEPA on China.                                                                                                                                                                                                                                                                                                                         |
| US                      | All                              | Section 232 – investigations (pending)         | Proposed 25 per cent duties on pharmaceuticals and pharmaceutical ingredients; semiconductors and related equipment; processed critical minerals and derivatives; medium- and heavy-duty trucks and parts; commercial aircraft, jet engines and parts; timber and wood products; polysilicon; unmanned aircraft systems (UAS) and parts; and wind turbines. Take precedence over the reciprocal tariff. Cumulative with Section 301 and IEEPA on China. |
| US                      | China                            | Section 301 tariffs                            | Additional 25–100 per cent duties on selected Chinese products (e.g. electric vehicles, batteries, solar panels). Cumulative with IEEPA and Section 232 on China.                                                                                                                                                                                                                                                                                       |
| US                      | China                            | IEEPA tariffs                                  | 20 per cent duty applied to all Chinese imports. Cumulative with Section 301 and Section 232 on China.                                                                                                                                                                                                                                                                                                                                                  |
| US                      | Canada & Mexico                  | IEEPA tariffs                                  | Canada: 35 per cent on non-USMCA-compliant goods (10 per cent for energy, critical minerals and potash). Mexico: 25 per cent on non-USMCA-compliant goods (10 per cent for potash). Section 232 tariffs take precedence over these duties.                                                                                                                                                                                                              |
| US                      | EU                               | Reciprocal tariff                              | Under the EU–US Turnberry Agreement, reciprocal tariffs are capped at 15 per cent (MFN tariff plus reciprocal). Where the MFN rate already exceeds 15 per cent, no additional duty is levied.                                                                                                                                                                                                                                                           |
| US                      | EU                               | Special Turnberry provisions                   | For generic pharmaceuticals and their ingredients, chemical precursors, aircraft and aircraft parts and selected natural resources, only MFN tariffs apply (no reciprocal or Section 232 duties). Should Section 232 measures be imposed on lumber, patented pharmaceuticals or semiconductors, the Turnberry 15 per cent ceiling applies.                                                                                                              |
| US                      | UK                               | Prospective UK–US arrangement                  | Modelled as a 10 per cent reciprocal tariff together with assumed Section 232 duties on steel, aluminium and motor vehicles (see above).                                                                                                                                                                                                                                                                                                                |
| Canada                  | US                               | Retaliatory tariffs                            | Three waves of 25 per cent duties: (i) broad consumer goods and foodstuffs; (ii) steel, aluminium and derivatives; (iii) motor vehicles, particularly non-USMCA-compliant models.                                                                                                                                                                                                                                                                       |
| China                   | US                               | Retaliatory tariffs                            | 10 per cent duty across all US imports. Additional targeted duties of 5–15 per cent on selected goods listed in four schedules, in response to US fentanyl-related IEEPA measures.                                                                                                                                                                                                                                                                      |
| EU                      | US                               | Industrial goods – tariff relief               | All MFN tariffs on industrial goods eliminated (applied duty 0 per cent). Implemented under the Turnberry Agreement.                                                                                                                                                                                                                                                                                                                                    |
| Canada                  | China                            | Tariff on steel, aluminium and BEVs            | 25 per cent on selected steel and aluminium products; 25 per cent countervailing duty on battery-electric vehicles of Chinese origin.                                                                                                                                                                                                                                                                                                                   |
| China                   | Canada                           | Retaliatory tariffs                            | 25 per cent on selected goods (e.g. pork, fish and seafood); 100 per cent on selected goods (e.g. canola oil, canola meal and peas). Response to Canadian tariffs on Chinese BEVs and metals.                                                                                                                                                                                                                                                           |
| EU                      | China                            | Battery electric vehicles (BEVs) tariff        | Provisional anti-subsidy duties of 17.4–38.1 per cent, depending on manufacturer, applied to Chinese-origin BEVs under the EU's anti-subsidy investigation.                                                                                                                                                                                                                                                                                             |

Source: TDM, MOFCOM, The White House, Government of Canada, The European Commission, PIIE, US Commerce, USTR.

Note: As Sweden and the EU26 are separated in the simulation, and tariffs are trade weighted according to 2024 trade, the tariff levels may differ between Sweden and the EU26. In the joint statement, it is mentioned that “the EU will provide preferential market access for a wide range of U.S. seafood and agricultural goods”. As no further information is given, and given that these products only account for around 1–2 per cent of total EU imports from the US, they are not included in the simulation. When EU member states receive MFN-level tariffs, it is in many instances conditional on the industry in which the product is used in the US, with the applicable sector determined on a case-by-case basis. In this analysis, however, we cannot take this into account, which results in a certain degree of overestimation of MFN-level tariffs.

Given the pace and complexity of trade policy developments, it is not possible to capture every single tariff change or measure that has been introduced since the latter part of 2024. Table 10 therefore presents the comprehensive set of measures included in our modelling framework, covering both currently active tariffs and selected announced or ongoing investigations. By setting out the tariff structure explicitly, the appendix provides transparency regarding the assumptions that underpin the simulations.

The tariff measures were first mapped to the 8-digit product level, ensuring consistency between tariff lines and trade flows. Using import data from the Trade Data Monitor, trade-weighted average tariffs were then calculated for each sector included in the METRO model. This procedure allows the detailed tariff schedules to be aggregated into sectoral shocks that can be applied within the model framework. The weighting ensures that products with higher trade values exert a proportionally greater influence on the effective sectoral tariff rate.

The calculation covers all relevant tariff-imposing partners in the dataset, including the US, the EU, China, Canada and Mexico, and applies their respective measures to the corresponding 8-digit product level. The resulting trade-weighted tariff rates serve as input to the simulations, capturing the effective protection faced by each sector under the different scenarios.

In the *deal scenario*, all countries subject to the US' "liberation day" tariffs (EO 14257)<sup>17</sup> are granted the same treatment as the EU under the Turnberry Agreement. As in the EU case, these countries also remove their MFN tariffs on industrial goods. Canada and Mexico are not part of this framework, since their tariffs are imposed under separate IEEPA proclamations;<sup>18</sup> instead, their tariffs are reduced by 15 percentage points, with Canada also halving its retaliatory duties. The additional 20 per cent IEEPA tariffs on China, introduced in February 2025, are reduced to 5 per cent, and China halves its product-specific tariffs imposed in response to IEEPA. Furthermore, the exemptions specified in Annex III, which lists product groups potentially eligible for exemption from EO 14257 duties, are assumed to apply. For those entries in Annex III explicitly marked as "Aircraft" or "Pharma", we assume that Section 232 investigations do not apply.<sup>19</sup>

In the *escalating scenario*, the EU-US Turnberry Agreement is assumed to break down. The EU introduces retaliatory tariffs, drawing first on the €26 billion package prepared in spring 2025 and then extending to the broader €95 billion list published in May 2025, covering cars, aircraft, food products, chemicals and petroleum.<sup>20</sup> At the same time, the US raises its reciprocal tariff on Chinese imports to 30 per cent, and China responds by increasing its across-the-board tariff on US goods to 45 per cent. Because of the cumulative application of multiple tariff regimes – including Section 301 duties, IEEPA tariffs, Section 232 measures and the reciprocal tariff – the effective US tariff levels on Chinese goods remain considerably higher than those imposed by China. US tariffs on Mexico and Canada are also raised by 5 percentage points.

17. Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements", The White House, 5 September 2025.

18. Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements", The White House, 5 September 2025: Amendment to Duties to Address the Flow of Illicit Drugs Across Our Northern Border", The White House, 31 July 2025.

19. Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements", The White House, 5 September 2025.

20. European Commission, "Commission responds to unjustified US steel and aluminium tariffs with counter-measures", Press Corner, 12 March 2025; European Commission, "Commission consults on possible counter-measures and readies WTO litigation in response to US tariffs", Press Corner, 8 May 2025.

## Appendix C – Trade in the reference period

Appendix C presents detailed tables of bilateral trade values, by sector and in total, for the reference period (2024, before tariff changes are applied). These values serve as the benchmark against which the simulations are evaluated, with results in this analysis reported as percentage changes relative to this baseline.

**Table 11. Total bilateral trade in goods in reference period (2024), USD billion**

|        | Importer |       |      |        |        |      |       |       |
|--------|----------|-------|------|--------|--------|------|-------|-------|
|        | Canada   | China | EU   | Mexico | Sweden | US   | RoW   | Total |
| Canada |          | 47    | 33   | 13     | 1      | 394  | 101   | 588   |
| China  | 65       |       | 707  | 140    | 11     | 428  | 2572  | 3922  |
| EU     | 59       | 260   | 3397 | 70     | 126    | 551  | 1691  | 6154  |
| Mexico | 34       | 19    | 37   |        | 0      | 494  | 79    | 663   |
| Sweden | 3        | 9     | 102  | 2      |        | 18   | 54    | 187   |
| USA    | 263      | 163   | 395  | 246    | 7      |      | 905   | 1979  |
| RoW    | 116      | 1962  | 1875 | 186    | 43     | 1257 | 5474  | 10913 |
| Total  | 539      | 2460  | 6546 | 657    | 188    | 3141 | 10876 | 24407 |

**Table 12. Bilateral trade in sector Agriculture and Food in reference period (2024), USD billion**

|        | Importer |       |     |        |        |     |     |       |
|--------|----------|-------|-----|--------|--------|-----|-----|-------|
|        | Canada   | China | EU  | Mexico | Sweden | US  | RoW | Total |
| Canada |          | 9     | 3   | 2      | 0      | 45  | 18  | 77    |
| China  | 2        |       | 12  | 1      | 0      | 6   | 72  | 93    |
| EU     | 6        | 17    | 480 | 3      | 15     | 33  | 198 | 750   |
| Mexico | 3        | 0     | 2   |        | 0      | 49  | 6   | 61    |
| Sweden | 0        | 0     | 7   | 0      |        | 0   | 2   | 10    |
| USA    | 27       | 28    | 15  | 30     | 0      |     | 84  | 184   |
| RoW    | 15       | 163   | 202 | 9      | 8      | 97  | 590 | 1085  |
| Total  | 53       | 218   | 720 | 45     | 23     | 230 | 970 | 2259  |

**Table 13. Bilateral trade in Pharmaceutical sector in reference period (2024), USD billion**

|        | Importer |       |     |        |        |     |     |       |
|--------|----------|-------|-----|--------|--------|-----|-----|-------|
|        | Canada   | China | EU  | Mexico | Sweden | US  | RoW | Total |
| Canada |          | 0     | 4   | 0      | 0      | 5   | 3   | 13    |
| China  | 0        |       | 12  | 1      | 0      | 10  | 21  | 44    |
| EU     | 10       | 29    | 250 | 5      | 6      | 147 | 178 | 624   |
| Mexico | 0        | 0     | 0   |        | 0      | 1   | 1   | 3     |
| Sweden | 1        | 2     | 7   | 0      |        | 3   | 5   | 17    |
| USA    | 6        | 6     | 64  | 2      | 1      |     | 37  | 116   |
| RoW    | 4        | 10    | 100 | 3      | 1      | 77  | 84  | 278   |
| Total  | 21       | 47    | 436 | 10     | 8      | 244 | 330 | 1095  |

**Table 14. Bilateral trade in Computers and electronics sector in reference period (2024), USD billion**

|        | Importer |       |      |        |        |     |      | Total |
|--------|----------|-------|------|--------|--------|-----|------|-------|
|        | Canada   | China | EU   | Mexico | Sweden | US  | RoW  |       |
| Canada |          | 1     | 2    | 1      | 0      | 17  | 5    | 26    |
| China  | 23       |       | 330  | 65     | 4      | 187 | 1053 | 1662  |
| EU     | 6        | 52    | 412  | 12     | 27     | 62  | 210  | 781   |
| Mexico | 8        | 6     | 10   |        | 0      | 154 | 26   | 205   |
| Sweden | 0        | 1     | 10   | 0      |        | 2   | 5    | 19    |
| USA    | 22       | 29    | 50   | 27     | 1      |     | 144  | 273   |
| RoW    | 19       | 500   | 279  | 89     | 5      | 357 | 1274 | 2522  |
| Total  | 78       | 589   | 1093 | 194    | 37     | 779 | 2717 | 5487  |

**Table 15. Bilateral trade in Chemical products sector in reference period (2024), USD billion**

|        | Importer |       |     |        |        |     |     | Total |
|--------|----------|-------|-----|--------|--------|-----|-----|-------|
|        | Canada   | China | EU  | Mexico | Sweden | US  | RoW |       |
| Canada |          | 2     | 4   | 1      | 0      | 24  | 7   | 38    |
| China  | 2        |       | 36  | 4      | 0      | 14  | 173 | 230   |
| EU     | 4        | 26    | 322 | 8      | 10     | 44  | 153 | 565   |
| Mexico | 1        | 0     | 2   |        | 0      | 8   | 5   | 15    |
| Sweden | 0        | 1     | 7   | 0      |        | 1   | 4   | 13    |
| USA    | 27       | 21    | 38  | 28     | 1      |     | 81  | 195   |
| RoW    | 6        | 132   | 132 | 8      | 3      | 55  | 355 | 691   |
| Total  | 40       | 181   | 541 | 49     | 14     | 146 | 778 | 1747  |

**Table 16. Bilateral trade in Natural resources sector in reference period (2024), USD billion**

|        | Importer |       |     |        |        |     |     | Total |
|--------|----------|-------|-----|--------|--------|-----|-----|-------|
|        | Canada   | China | EU  | Mexico | Sweden | US  | RoW |       |
| Canada |          | 11    | 9   | 0      | 0      | 106 | 12  | 138   |
| China  | 0        |       | 1   | 0      | 0      | 0   | 10  | 11    |
| EU     | 0        | 3     | 58  | 0      | 1      | 0   | 11  | 73    |
| Mexico | 0        | 6     | 7   |        | 0      | 13  | 7   | 32    |
| Sweden | 0        | 0     | 2   | 0      |        | 0   | 1   | 4     |
| USA    | 15       | 13    | 70  | 6      | 2      |     | 95  | 201   |
| RoW    | 5        | 673   | 359 | 2      | 11     | 62  | 800 | 1911  |
| Total  | 21       | 706   | 506 | 8      | 14     | 181 | 935 | 2371  |

Table 17. Bilateral trade in Other metals sector in reference period (2024), USD billion

|          | Importer |       |     |        |        |     |      | Total |
|----------|----------|-------|-----|--------|--------|-----|------|-------|
|          | Canada   | China | EU  | Mexico | Sweden | US  | RoW  |       |
| Exporter | Canada   | 19    | 2   | 1      | 0      | 32  | 36   | 91    |
|          | China    | 5     | 34  | 10     | 1      | 22  | 165  | 237   |
|          | EU       | 3     | 13  | 223    | 3      | 20  | 100  | 370   |
|          | Mexico   | 1     | 1   | 1      | 0      | 18  | 7    | 28    |
|          | Sweden   | 1     | 0   | 7      | 0      | 1   | 4    | 13    |
|          | USA      | 18    | 7   | 13     | 17     | 0   | 58   | 114   |
|          | RoW      | 16    | 183 | 110    | 11     | 3   | 63   | 1033  |
|          | Total    | 44    | 224 | 390    | 43     | 156 | 1018 | 1885  |

Table 18. Bilateral trade in Iron and steel sector in reference period (2024), USD billion

|          | Importer |       |    |        |        |    |     | Total |
|----------|----------|-------|----|--------|--------|----|-----|-------|
|          | Canada   | China | EU | Mexico | Sweden | US | RoW |       |
| Exporter | Canada   | 0     | 0  | 1      | 0      | 9  | 1   | 11    |
|          | China    | 1     | 6  | 2      | 0      | 2  | 85  | 96    |
|          | EU       | 1     | 2  | 120    | 2      | 4  | 33  | 171   |
|          | Mexico   | 0     | 0  | 0      | 0      | 4  | 1   | 6     |
|          | Sweden   | 0     | 1  | 5      | 0      | 1  | 3   | 9     |
|          | USA      | 6     | 1  | 2      | 9      | 0  | 8   | 26    |
|          | RoW      | 4     | 31 | 44     | 11     | 1  | 20  | 249   |
|          | Total    | 12    | 34 | 177    | 25     | 43 | 269 | 567   |

Table 19. Bilateral trade in Motor vehicles and parts sector in reference period (2024), USD billion

|          | Importer |       |    |        |        |     |     | Total |
|----------|----------|-------|----|--------|--------|-----|-----|-------|
|          | Canada   | China | EU | Mexico | Sweden | US  | RoW |       |
| Exporter | Canada   | 0     | 0  | 3      | 0      | 52  | 2   | 57    |
|          | China    | 4     | 31 | 16     | 0      | 16  | 130 | 197   |
|          | EU       | 6     | 32 | 446    | 12     | 57  | 189 | 759   |
|          | Mexico   | 13    | 1  | 7      | 0      | 136 | 11  | 169   |
|          | Sweden   | 0     | 1  | 17     | 0      | 4   | 6   | 29    |
|          | USA      | 53    | 9  | 16     | 37     | 0   | 37  | 153   |
|          | RoW      | 14    | 20 | 114    | 19     | 3   | 119 | 499   |
|          | Total    | 90    | 64 | 632    | 86     | 21  | 384 | 1862  |

**Table 20. Bilateral trade in Other manufacturing sector in reference period (2024), USD billion**

|        | Importer |       |      |        |        |     |      |      |
|--------|----------|-------|------|--------|--------|-----|------|------|
|        | Canada   | China | EU   | Mexico | Sweden | US  | RoW  |      |
| Canada |          | 1     | 3    | 3      | 0      | 65  | 9    | 81   |
| China  | 24       |       | 218  | 38     | 5      | 158 | 765  | 1207 |
| EU     | 19       | 73    | 839  | 20     | 32     | 145 | 496  | 1626 |
| Mexico | 7        | 3     | 8    |        | 0      | 103 | 11   | 132  |
| Sweden | 1        | 2     | 26   | 0      |        | 4   | 16   | 49   |
| USA    | 68       | 34    | 80   | 67     | 1      |     | 224  | 473  |
| RoW    | 29       | 215   | 428  | 31     | 8      | 369 | 1131 | 2211 |
| Total  | 147      | 328   | 1602 | 159    | 47     | 846 | 2652 | 5780 |

**Table 21. Bilateral trade in Wood products sector in reference period (2024), USD billion**

|        | Importer |       |    |        |        |    |     |     |
|--------|----------|-------|----|--------|--------|----|-----|-----|
|        | Canada   | China | EU | Mexico | Sweden | US | RoW |     |
| Canada |          | 0     | 0  | 0      | 0      | 11 | 1   | 13  |
| China  | 1        |       | 4  | 0      | 0      | 2  | 10  | 17  |
| EU     | 0        | 1     | 32 | 0      | 1      | 3  | 14  | 52  |
| Mexico | 0        | 0     | 0  |        | 0      | 1  | 0   | 1   |
| Sweden | 0        | 0     | 2  | 0      |        | 0  | 2   | 4   |
| USA    | 2        | 1     | 1  | 1      | 0      |    | 4   | 8   |
| RoW    | 0        | 10    | 7  | 1      | 0      | 7  | 22  | 47  |
| Total  | 3        | 12    | 46 | 2      | 2      | 24 | 54  | 143 |

**Table 22. Bilateral trade in Paper products sector in reference period (2024), USD billion**

|        | Importer |       |     |        |        |    |     |     |
|--------|----------|-------|-----|--------|--------|----|-----|-----|
|        | Canada   | China | EU  | Mexico | Sweden | US | RoW |     |
| Canada |          | 2     | 0   | 0      | 0      | 10 | 2   | 16  |
| China  | 1        |       | 5   | 1      | 0      | 5  | 28  | 41  |
| EU     | 1        | 3     | 74  | 1      | 2      | 4  | 28  | 112 |
| Mexico | 0        | 0     | 0   |        | 0      | 3  | 1   | 3   |
| Sweden | 0        | 1     | 8   | 0      |        | 1  | 4   | 15  |
| USA    | 8        | 3     | 3   | 6      | 0      |    | 20  | 40  |
| RoW    | 1        | 22    | 16  | 1      | 1      | 8  | 43  | 91  |
| Total  | 10       | 31    | 107 | 10     | 3      | 31 | 127 | 319 |

**Table 23. Bilateral trade in Transport equipment sector in reference period (2024), USD billion**

|        | Importer |       |     |        |        |    |     | Total |
|--------|----------|-------|-----|--------|--------|----|-----|-------|
|        | Canada   | China | EU  | Mexico | Sweden | US | RoW |       |
| Canada |          | 0     | 3   | 1      | 0      | 16 | 6   | 25    |
| China  | 1        |       | 12  | 2      | 0      | 4  | 54  | 75    |
| EU     | 4        | 9     | 55  | 4      | 1      | 28 | 74  | 176   |
| Mexico | 1        | 0     | 1   |        | 0      | 4  | 1   | 7     |
| Sweden | 0        | 0     | 1   | 0      |        | 1  | 1   | 2     |
| USA    | 9        | 13    | 41  | 15     | 1      |    | 108 | 187   |
| RoW    | 4        | 4     | 64  | 2      | 0      | 24 | 114 | 211   |
| Total  | 19       | 26    | 177 | 25     | 3      | 76 | 357 | 683   |

## Appendix D – Additional detailed results

Appendix D presents selected tables with detailed results for a number of regions from the main scenario analysed above in the report, as well as from the two alternative scenarios (the *deal scenario* and the *escalating scenario*). Only a subset of results is shown, as it is not possible to present the full set of outputs. Instead, the appendix highlights key results of particular relevance.

### Main scenario

**Table 24. Percentage change in EU bilateral trade, per sector, following tariff changes in the main scenario**

|                           | Canada      | China       | EU          | Mexico      | Sweden      | US           | RoW*        | Total       |
|---------------------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| <b>A: EU exports</b>      |             |             |             |             |             |              |             |             |
| Agriculture and Food      | 5.6         | -1.5        | -0.2        | 3.3         | -0.3        | -6.6         | -0.7        | -0.6        |
| Chemical products         | 9.7         | -2.8        | -0.7        | 7.1         | -0.9        | -9.2         | -0.3        | -1.2        |
| Computers and electronics | 14.6        | -3.2        | -0.4        | 18.5        | -0.6        | -3.1         | -1.4        | -0.8        |
| Iron and steel            | 23.7        | -3.7        | -1.5        | 3.1         | -1.0        | -28.0        | -2.2        | -2.5        |
| Motor vehicles and parts  | 23.4        | -0.4        | 0.3         | 8.0         | 0.2         | -0.4         | 0.1         | 0.5         |
| Natural resources         | 0.6         | 2.7         | -4.3        | 18.1        | -7.2        | -37.7        | 3.0         | -1.9        |
| Other manufacturing       | 7.3         | -2.6        | -0.5        | 6.4         | -1.0        | -10.6        | -0.7        | -1.4        |
| Other metals              | 17.7        | -4.2        | -0.9        | 8.0         | -0.8        | -16.5        | -1.6        | -1.7        |
| Paper products            | 13.8        | -1.6        | -0.1        | 7.1         | -0.2        | -12.2        | -0.2        | -0.5        |
| Pharmaceutical products   | 0.5         | -1.9        | 2.8         | 8.2         | 2.1         | 8.0          | 1.4         | 2.9         |
| Services                  | -1.4        | -2.5        | 0.1         | 0.4         | 0.0         | 3.5          | 0.0         | 0.3         |
| Transport equipment       | -2.1        | -3.9        | 2.2         | -4.0        | 0.9         | 31.1         | 1.9         | 5.6         |
| Wood products             | 15.8        | -5.2        | -1.1        | -0.8        | -0.8        | -3.9         | -2.3        | -1.6        |
| <b>Total</b>              | <b>6.8</b>  | <b>-2.5</b> | <b>-0.1</b> | <b>7.2</b>  | <b>-0.4</b> | <b>-1.0</b>  | <b>-0.3</b> | <b>-0.3</b> |
| <b>B: EU imports</b>      |             |             |             |             |             |              |             |             |
| Agriculture and Food      | -4.5        | 2.9         | -0.2        | -0.4        | 0.0         | -10.6        | 1.7         | 0.1         |
| Chemical products         | -7.9        | 3.6         | -0.7        | -0.9        | -0.8        | -9.7         | 2.8         | -0.4        |
| Computers and electronics | -16.4       | 5.7         | -0.4        | -3.8        | -0.1        | -22.4        | 2.3         | 0.0         |
| Iron and steel            | -0.3        | 2.2         | -1.5        | -0.3        | -1.5        | -14.4        | 4.2         | -0.3        |
| Motor vehicles and parts  | -12.7       | -19.3       | 0.3         | -4.9        | 0.7         | -5.5         | 1.3         | 0.0         |
| Natural resources         | -8.3        | -0.4        | -4.3        | -4.8        | -4.8        | -19.8        | 1.0         | -0.2        |
| Other manufacturing       | -6.7        | 3.5         | -0.5        | -2.4        | 0.4         | -12.8        | 2.9         | 0.1         |
| Other metals              | -11.2       | 4.7         | -0.9        | 1.2         | -0.4        | -16.0        | 3.4         | 0.0         |
| Paper products            | -7.4        | 3.4         | -0.1        | -0.2        | 0.1         | -14.1        | 2.2         | -0.2        |
| Pharmaceutical products   | -7.4        | 8.7         | 2.8         | 0.3         | 3.2         | -21.6        | 3.6         | 0.6         |
| Services                  | -5.2        | 2.1         | 0.1         | -0.8        | 0.3         | -9.0         | 1.3         | -0.6        |
| Transport equipment       | -14.5       | 6.0         | 2.2         | -13.9       | 2.2         | -20.1        | 3.0         | 0.9         |
| Wood products             | -6.8        | 3.3         | -1.1        | 0.7         | -0.5        | -12.9        | 9.4         | 0.5         |
| <b>Total</b>              | <b>-7.8</b> | <b>3.7</b>  | <b>-0.1</b> | <b>-3.5</b> | <b>0.1</b>  | <b>-12.6</b> | <b>2.0</b>  | <b>-0.1</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

**Table 25. Percentage change in US bilateral trade, per sector, following tariff changes in the main scenario**

|                           | Canada       | China        | EU           | Mexico      | Sweden       | RoW*         | Total        |
|---------------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| <b>A: US exports</b>      |              |              |              |             |              |              |              |
| Agriculture and Food      | -12.6        | -30.5        | -10.6        | -8.2        | -10.3        | -11.4        | -13.6        |
| Chemical products         | -14.8        | -31.6        | -9.7         | -10.7       | -14.3        | -17.3        | -15.7        |
| Computers and electronics | -21.0        | -41.0        | -22.4        | -8.9        | -21.2        | -23.4        | -20.9        |
| Iron and steel            | -33.0        | -24.3        | -14.4        | -10.7       | -14.0        | -15.2        | -20.5        |
| Motor vehicles and parts  | -22.4        | -30.9        | -5.5         | -13.3       | -11.1        | -19.0        | -19.0        |
| Natural resources         | -16.8        | -39.2        | -19.8        | -8.9        | -19.2        | -14.5        | -15.4        |
| Other manufacturing       | -16.8        | -30.8        | -12.8        | -9.4        | -12.9        | -15.5        | -15.0        |
| Other metals              | -44.0        | -37.5        | -16.0        | -13.2       | -14.9        | -22.0        | -24.7        |
| Paper products            | -17.1        | -27.6        | -14.1        | -8.0        | -14.3        | -14.9        | -15.7        |
| Pharmaceutical products   | -23.3        | -40.3        | -21.6        | -17.1       | -22.6        | -22.6        | -23.0        |
| Services                  | -10.4        | -11.0        | -9.0         | -8.2        | -9.1         | -10.9        | -9.5         |
| Transport equipment       | -25.6        | -45.3        | -20.1        | -18.2       | -20.9        | -21.5        | -21.4        |
| Wood products             | -36.2        | -23.9        | -12.9        | -14.5       | -12.7        | -15.2        | -21.9        |
| <b>Total</b>              | <b>-18.6</b> | <b>-25.6</b> | <b>-12.6</b> | <b>-9.9</b> | <b>-11.5</b> | <b>-14.5</b> | <b>-14.9</b> |
| <b>B: US imports</b>      |              |              |              |             |              |              |              |
| Agriculture and Food      | 1.5          | -14.6        | -6.6         | -0.5        | -4.8         | -12.9        | -7.2         |
| Chemical products         | -9.6         | -22.0        | -9.2         | -16.9       | -10.7        | -15.7        | -13.2        |
| Computers and electronics | -19.8        | -32.1        | -3.1         | 14.2        | -6.3         | -3.6         | -9.6         |
| Iron and steel            | -27.4        | -25.5        | -28.0        | -21.5       | -24.3        | -18.7        | -22.3        |
| Motor vehicles and parts  | -14.3        | -23.1        | -0.4         | -3.6        | 1.7          | -14.7        | -9.2         |
| Natural resources         | 1.1          | -61.0        | -37.7        | -8.5        | 1.5          | 3.7          | 1.6          |
| Other manufacturing       | -8.1         | -26.1        | -10.6        | -15.3       | -19.1        | -14.2        | -16.2        |
| Other metals              | -23.9        | -45.4        | -16.5        | 0.9         | -3.3         | -2.6         | -15.6        |
| Paper products            | -12.8        | -17.5        | -12.2        | 2.3         | -10.9        | -8.2         | -11.3        |
| Pharmaceutical products   | -30.3        | -34.0        | 8.0          | -16.5       | -0.9         | -20.1        | -6.9         |
| Services                  | -2.0         | 5.7          | 3.5          | 2.8         | 3.7          | 4.6          | 3.8          |
| Transport equipment       | -42.2        | -41.8        | 31.1         | -39.4       | 37.5         | -29.8        | -8.8         |
| Wood products             | -24.7        | -20.7        | -3.9         | -8.9        | 1.2          | -19.1        | -19.0        |
| <b>Total</b>              | <b>-9.4</b>  | <b>-27.6</b> | <b>-1.0</b>  | <b>0.2</b>  | <b>-4.4</b>  | <b>-6.4</b>  | <b>-8.0</b>  |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

**Table 26. Percentage change in China's bilateral trade, per sector, following tariff changes in the main scenario**

|                           | Canada       | EU          | Mexico      | Sweden      | USA          | RoW*        | Total       |
|---------------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|
| <b>A: China exports</b>   |              |             |             |             |              |             |             |
| Agriculture and Food      | 8.4          | 2.9         | 6.5         | 2.8         | -14.6        | 1.6         | 0.5         |
| Chemical products         | 14.5         | 3.6         | 12.1        | 3.5         | -22.0        | 3.0         | 1.2         |
| Computers and electronics | 20.2         | 5.7         | 25.7        | 5.4         | -32.1        | 4.0         | -2.8        |
| Iron and steel            | -12.4        | 2.2         | 6.8         | 2.7         | -25.5        | 1.0         | 0.4         |
| Motor vehicles and parts  | -24.0        | -19.3       | 13.9        | -19.8       | -23.1        | -0.6        | -7.0        |
| Natural resources         | -12.2        | -0.4        | -7.1        | -0.2        | -61.0        | 2.4         | -1.4        |
| Other manufacturing       | 9.1          | 3.5         | 10.0        | 3.1         | -26.1        | 2.2         | -2.6        |
| Other metals              | 7.8          | 4.7         | 14.2        | 4.6         | -45.4        | 3.2         | -3.0        |
| Paper products            | 18.0         | 3.4         | 10.5        | 3.4         | -17.5        | 2.1         | -0.5        |
| Pharmaceutical products   | 5.6          | 8.7         | 16.2        | 7.7         | -34.0        | 3.4         | -1.0        |
| Services                  | 0.0          | 2.1         | 0.9         | 1.8         | 5.7          | 1.5         | 1.7         |
| Transport equipment       | 4.3          | 6.0         | 13.1        | 4.4         | -41.8        | 4.9         | 1.4         |
| Wood products             | 16.9         | 3.3         | 3.6         | 3.5         | -20.7        | 1.6         | -2.6        |
| <b>Total</b>              | <b>10.1</b>  | <b>3.7</b>  | <b>17.6</b> | <b>3.2</b>  | <b>-27.6</b> | <b>2.7</b>  | <b>-2.0</b> |
| <b>B: China imports</b>   |              |             |             |             |              |             |             |
| Agriculture and Food      | -26.6        | -1.5        | -1.3        | -3.2        | -30.5        | 1.6         | -5.2        |
| Chemical products         | -9.4         | -2.8        | -2.9        | -2.9        | -31.6        | -1.0        | -3.3        |
| Computers and electronics | -19.5        | -3.2        | -7.5        | -2.6        | -41.0        | -1.4        | -3.5        |
| Iron and steel            | -12.0        | -3.7        | -3.1        | -3.7        | -24.3        | -1.7        | -2.9        |
| Motor vehicles and parts  | -20.8        | -0.4        | -5.6        | 0.0         | -30.9        | 0.3         | -4.7        |
| Natural resources         | 0.3          | 2.7         | 4.8         | -2.0        | -39.2        | -1.6        | -1.8        |
| Other manufacturing       | -8.8         | -2.6        | -5.2        | -1.8        | -30.8        | -1.0        | -3.6        |
| Other metals              | -14.5        | -4.2        | -2.0        | -3.7        | -37.5        | -1.6        | -3.2        |
| Paper products            | -8.5         | -1.6        | -3.1        | -1.4        | -27.6        | 0.1         | -5.0        |
| Pharmaceutical products   | -12.3        | -1.9        | -5.7        | -1.8        | -40.3        | -1.1        | -5.0        |
| Services                  | -7.1         | -2.5        | -3.8        | -2.3        | -11.0        | -1.7        | -3.6        |
| Transport equipment       | -18.9        | -3.9        | -18.0       | -3.8        | -45.3        | -2.8        | -4.1        |
| Wood products             | -10.8        | -5.2        | -2.1        | -4.6        | -23.9        | 1.8         | -1.8        |
| <b>Total</b>              | <b>-14.5</b> | <b>-2.5</b> | <b>-4.3</b> | <b>-2.1</b> | <b>-25.6</b> | <b>-1.2</b> | <b>-3.4</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

## Deal scenario

**Table 27. Percentage change in Sweden's bilateral trade, per sector, following tariff changes in the deal scenario**

|                           | Canada      | China       | EU          | Mexico     | US          | RoW*       | Total       |
|---------------------------|-------------|-------------|-------------|------------|-------------|------------|-------------|
| <b>A: Sweden exports</b>  |             |             |             |            |             |            |             |
| Agriculture and Food      | 1.7         | -1.3        | -0.1        | -7.0       | -10.0       | 0.3        | -0.4        |
| Chemical products         | 1.9         | -1.0        | -1.3        | 0.5        | -17.4       | -0.3       | -2.4        |
| Computers and electronics | 6.7         | -0.3        | 0.1         | 7.7        | -11.9       | 0.4        | -0.6        |
| Iron and steel            | 9.9         | -1.5        | -1.5        | -2.6       | -27.0       | -1.2       | -3.5        |
| Motor vehicles and parts  | 10.7        | 1.1         | 0.2         | -2.8       | -5.8        | 0.7        | -0.2        |
| Natural resources         | -12.1       | -0.9        | -4.0        | -7.1       | 1.7         | 0.5        | -2.3        |
| Other manufacturing       | 3.4         | 0.6         | 0.3         | 1.8        | -15.9       | 0.8        | -0.9        |
| Other metals              | 7.1         | -0.9        | -0.5        | 1.2        | -8.4        | -0.1       | -0.7        |
| Paper products            | 3.8         | 0.3         | -0.2        | 0.9        | -16.0       | 0.1        | -0.5        |
| Pharmaceutical products   | -2.2        | 0.4         | 2.0         | 0.2        | 1.3         | 2.2        | 1.6         |
| Services                  | -3.5        | -0.8        | 0.0         | -3.9       | 2.4         | 0.2        | 0.2         |
| Transport equipment       | -8.3        | -1.5        | 1.1         | -3.5       | 15.0        | 2.6        | 5.6         |
| Wood products             | 5.9         | -2.3        | -0.6        | -8.0       | -9.0        | -0.7       | -1.0        |
| <b>Total</b>              | <b>2.5</b>  | <b>-0.1</b> | <b>-0.1</b> | <b>0.7</b> | <b>-7.3</b> | <b>0.4</b> | <b>-0.5</b> |
| <b>B: Sweden imports</b>  |             |             |             |            |             |            |             |
| Agriculture and Food      | -0.2        | 0.8         | -0.2        | 2.8        | -6.7        | 0.5        | -0.1        |
| Chemical products         | -3.2        | 0.5         | -0.9        | 0.0        | -8.7        | 1.6        | -0.6        |
| Computers and electronics | -11.1       | 1.8         | -0.2        | 1.5        | -14.5       | 0.7        | -0.3        |
| Iron and steel            | -0.6        | 0.6         | -0.8        | 0.0        | -9.3        | 0.5        | -0.6        |
| Motor vehicles and parts  | -2.3        | -21.9       | 0.0         | -0.4       | -4.9        | 0.3        | -0.3        |
| Natural resources         | -7.4        | 0.0         | -6.4        | 0.0        | -14.7       | 1.1        | -0.3        |
| Other manufacturing       | -2.4        | 0.4         | -0.6        | -0.4       | -7.6        | 1.3        | -0.3        |
| Other metals              | -4.6        | 1.5         | -0.5        | -0.4       | -8.6        | 0.5        | -0.4        |
| Paper products            | -2.5        | 0.8         | -0.1        | -0.6       | -9.1        | 0.2        | -0.3        |
| Pharmaceutical products   | -0.2        | 3.4         | 1.0         | 0.0        | -11.6       | 1.3        | 0.0         |
| Services                  | -3.0        | 0.5         | -0.1        | 1.5        | -5.9        | 0.3        | -0.7        |
| Transport equipment       | -8.6        | 1.5         | 0.4         | -1.1       | -12.8       | 0.5        | -0.5        |
| Wood products             | -1.6        | 0.8         | -0.6        | 0.0        | -7.8        | 2.5        | 0.1         |
| <b>Total</b>              | <b>-4.8</b> | <b>0.4</b>  | <b>-0.3</b> | <b>1.3</b> | <b>-7.2</b> | <b>0.7</b> | <b>-0.4</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

**Table 28. Percentage change in EU bilateral trade, per sector, following tariff changes in the deal scenario**

|                           | Canada      | China       | EU          | Mexico     | Sweden      | US          | RoW*       | Total       |
|---------------------------|-------------|-------------|-------------|------------|-------------|-------------|------------|-------------|
| <b>A: EU exports</b>      |             |             |             |            |             |             |            |             |
| Agriculture and Food      | 1.5         | 0.2         | -0.2        | -1.9       | -0.2        | -10.8       | 0.0        | -0.6        |
| Chemical products         | 2.9         | -0.6        | -0.9        | 1.0        | -0.9        | -14.6       | 0.1        | -1.5        |
| Computers and electronics | 6.9         | -0.5        | 0.0         | 8.1        | -0.2        | -9.5        | 0.3        | -0.5        |
| Iron and steel            | 10.1        | -1.3        | -1.3        | -2.4       | -0.8        | -28.5       | -0.9       | -2.3        |
| Motor vehicles and parts  | 10.6        | 0.9         | 0.0         | 2.3        | 0.0         | -7.6        | 0.4        | -0.3        |
| Natural resources         | -3.6        | 4.5         | -3.6        | 8.0        | -6.4        | -39.5       | 4.3        | -0.9        |
| Other manufacturing       | 2.2         | -0.1        | -0.4        | 1.0        | -0.6        | -10.1       | 0.4        | -0.9        |
| Other metals              | 7.2         | -1.2        | -0.8        | 0.2        | -0.5        | -19.9       | -0.4       | -1.5        |
| Paper products            | 5.0         | 0.3         | -0.2        | 0.0        | -0.1        | -16.8       | 0.6        | -0.5        |
| Pharmaceutical products   | -3.1        | -0.1        | 1.3         | 0.0        | 1.0         | 0.8         | 1.4        | 1.1         |
| Services                  | -3.2        | -0.9        | -0.1        | -3.7       | -0.1        | 2.3         | 0.4        | 0.2         |
| Transport equipment       | -5.5        | -1.4        | 1.0         | -7.5       | 0.4         | 10.9        | 1.4        | 2.2         |
| Wood products             | 5.7         | -2.8        | -1.0        | -6.0       | -0.6        | -10.5       | -1.1       | -1.4        |
| <b>Total</b>              | <b>1.4</b>  | <b>-0.3</b> | <b>-0.2</b> | <b>1.0</b> | <b>-0.3</b> | <b>-5.1</b> | <b>0.4</b> | <b>-0.4</b> |
| <b>B: EU imports</b>      |             |             |             |            |             |             |            |             |
| Agriculture and Food      | -1.1        | 0.7         | -0.2        | 4.8        | -0.1        | -7.0        | 0.7        | -0.1        |
| Chemical products         | -3.2        | 0.3         | -0.9        | 5.8        | -1.3        | -4.0        | 1.4        | -0.6        |
| Computers and electronics | -10.5       | 2.1         | 0.0         | 1.6        | 0.1         | -15.8       | 1.1        | -0.3        |
| Iron and steel            | -0.4        | 0.0         | -1.3        | -0.4       | -1.5        | -9.7        | 3.2        | -0.4        |
| Motor vehicles and parts  | -7.7        | -21.6       | 0.0         | -0.1       | 0.2         | 0.9         | 0.4        | -0.3        |
| Natural resources         | -3.1        | -0.4        | -3.6        | -2.5       | -4.0        | -14.1       | 0.5        | -0.3        |
| Other manufacturing       | -1.6        | 0.5         | -0.4        | 3.9        | 0.3         | -7.8        | 1.8        | -0.1        |
| Other metals              | -4.9        | 1.4         | -0.8        | 8.2        | -0.5        | -9.8        | 2.1        | -0.2        |
| Paper products            | -3.0        | 0.6         | -0.2        | -0.3       | -0.2        | -9.1        | 1.1        | -0.3        |
| Pharmaceutical products   | -5.3        | 3.8         | 1.3         | 0.0        | 2.0         | -11.2       | 1.7        | 0.1         |
| Services                  | -2.8        | 0.6         | -0.1        | 2.4        | 0.0         | -5.8        | 0.6        | -0.5        |
| Transport equipment       | -8.7        | 2.1         | 1.0         | -8.3       | 1.1         | -12.9       | 1.8        | 0.2         |
| Wood products             | -2.0        | 0.5         | -1.0        | 0.4        | -0.6        | -8.2        | 8.1        | 0.3         |
| <b>Total</b>              | <b>-3.8</b> | <b>0.6</b>  | <b>-0.2</b> | <b>0.6</b> | <b>-0.1</b> | <b>-7.7</b> | <b>1.1</b> | <b>-0.3</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

**Table 29. Percentage change in US bilateral trade, per sector, following tariff changes in the deal scenario**

|                           | Canada       | China        | EU          | Mexico      | Sweden      | RoW*        | Total       |
|---------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| <b>A: US exports</b>      |              |              |             |             |             |             |             |
| Agriculture and Food      | -9.0         | -22.1        | -7.0        | -8.6        | -6.7        | -7.1        | -9.5        |
| Chemical products         | -11.9        | -25.4        | -4.0        | -10.0       | -8.7        | -5.9        | -8.8        |
| Computers and electronics | -15.6        | -34.5        | -15.8       | -9.9        | -14.5       | -14.9       | -15.6       |
| Iron and steel            | -21.4        | -18.3        | -9.7        | -10.8       | -9.3        | -8.5        | -14.1       |
| Motor vehicles and parts  | -15.7        | -23.2        | 0.9         | -11.4       | -4.9        | -6.7        | -12.0       |
| Natural resources         | -14.6        | -27.0        | -14.1       | -8.0        | -14.7       | -8.5        | -11.3       |
| Other manufacturing       | -12.4        | -24.8        | -7.8        | -9.5        | -7.6        | -7.8        | -9.7        |
| Other metals              | -30.0        | -30.7        | -9.8        | -13.7       | -8.6        | -14.0       | -17.5       |
| Paper products            | -12.3        | -21.9        | -9.1        | -8.7        | -9.1        | -9.2        | -11.5       |
| Pharmaceutical products   | -15.1        | -30.0        | -11.2       | -12.1       | -11.6       | -11.4       | -12.6       |
| Services                  | -8.8         | -6.4         | -5.8        | -8.9        | -5.9        | -6.8        | -6.1        |
| Transport equipment       | -19.5        | -38.2        | -12.9       | -14.4       | -12.8       | -13.0       | -13.5       |
| Wood products             | -23.7        | -17.8        | -8.2        | -14.3       | -7.8        | -9.2        | -14.9       |
| <b>Total</b>              | <b>-13.7</b> | <b>-19.4</b> | <b>-7.7</b> | <b>-9.9</b> | <b>-7.2</b> | <b>-8.1</b> | <b>-9.9</b> |
| <b>B: US imports</b>      |              |              |             |             |             |             |             |
| Agriculture and Food      | 2.4          | -3.7         | -10.8       | 1.6         | -10.0       | -6.4        | -3.9        |
| Chemical products         | -8.9         | 1.3          | -14.6       | -16.0       | -17.4       | -7.5        | -9.6        |
| Computers and electronics | -25.4        | -9.7         | -9.5        | 0.8         | -11.9       | 0.4         | -4.7        |
| Iron and steel            | -27.6        | -11.5        | -28.5       | -21.1       | -27.0       | -15.4       | -20.2       |
| Motor vehicles and parts  | -11.9        | -4.6         | -7.6        | -5.6        | -5.8        | -5.9        | -7.2        |
| Natural resources         | 1.6          | -40.3        | -39.5       | 1.4         | 1.7         | 2.2         | 1.8         |
| Other manufacturing       | -11.7        | -10.2        | -10.1       | -15.5       | -15.9       | -8.5        | -10.1       |
| Other metals              | -23.1        | -31.6        | -19.9       | 3.9         | -8.4        | -5.4        | -14.3       |
| Paper products            | -11.5        | -2.4         | -16.8       | 5.2         | -16.0       | -9.0        | -9.2        |
| Pharmaceutical products   | -44.9        | -8.7         | 0.8         | -32.1       | 1.3         | 1.9         | -1.0        |
| Services                  | -0.5         | 3.1          | 2.3         | 5.0         | 2.4         | 2.8         | 2.5         |
| Transport equipment       | -46.3        | -28.6        | 10.9        | -41.6       | 15.0        | 3.4         | -3.8        |
| Wood products             | -27.7        | -6.0         | -10.5       | -6.9        | -9.0        | -7.6        | -14.4       |
| <b>Total</b>              | <b>-9.6</b>  | <b>-9.8</b>  | <b>-5.1</b> | <b>-4.0</b> | <b>-7.3</b> | <b>-2.3</b> | <b>-5.0</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

**Table 30. Percentage change in China's bilateral trade, per sector, following tariff changes in the deal scenario**

|                           | Canada      | EU          | Mexico     | Sweden      | USA          | RoW*       | Total       |
|---------------------------|-------------|-------------|------------|-------------|--------------|------------|-------------|
| <b>A: China exports</b>   |             |             |            |             |              |            |             |
| Agriculture and Food      | 2.2         | 0.7         | -1.3       | 0.8         | -3.7         | 0.2        | -0.1        |
| Chemical products         | 4.2         | 0.3         | 2.7        | 0.5         | 1.3          | 0.4        | 0.5         |
| Computers and electronics | 8.2         | 2.1         | 10.0       | 1.8         | -9.7         | 1.8        | -0.4        |
| Iron and steel            | -23.8       | 0.0         | -1.0       | 0.6         | -11.5        | 0.0        | -0.6        |
| Motor vehicles and parts  | -34.3       | -21.6       | 5.2        | -21.9       | -4.6         | -2.7       | -6.0        |
| Natural resources         | -12.0       | -0.4        | -7.1       | 0.0         | -40.3        | 0.4        | -2.0        |
| Other manufacturing       | 2.0         | 0.5         | 1.0        | 0.4         | -10.2        | 0.3        | -1.5        |
| Other metals              | -4.6        | 1.4         | 2.4        | 1.5         | -31.6        | 1.1        | -3.5        |
| Paper products            | 6.0         | 0.6         | 0.6        | 0.8         | -2.4         | 0.3        | 0.0         |
| Pharmaceutical products   | -1.3        | 3.8         | 3.4        | 3.4         | -8.7         | 0.4        | -0.3        |
| Services                  | -3.0        | 0.6         | -4.2       | 0.5         | 3.1          | 0.5        | 0.6         |
| Transport equipment       | -2.1        | 2.1         | 4.1        | 1.5         | -28.6        | 1.7        | -0.7        |
| Wood products             | 5.2         | 0.5         | -4.8       | 0.8         | -6.0         | -0.3       | -1.3        |
| <b>Total</b>              | <b>1.1</b>  | <b>0.6</b>  | <b>5.4</b> | <b>0.4</b>  | <b>-9.8</b>  | <b>0.8</b> | <b>-1.0</b> |
| <b>B: China imports</b>   |             |             |            |             |              |            |             |
| Agriculture and Food      | -23.0       | 0.2         | 5.7        | -1.3        | -22.1        | 2.1        | -3.2        |
| Chemical products         | -2.5        | -0.6        | 6.2        | -1.0        | -25.4        | 0.2        | -1.6        |
| Computers and electronics | -11.4       | -0.5        | 0.8        | -0.3        | -34.5        | 0.0        | -1.6        |
| Iron and steel            | -5.2        | -1.3        | -1.4       | -1.5        | -18.3        | -0.4       | -1.2        |
| Motor vehicles and parts  | -11.4       | 0.9         | 0.7        | 1.1         | -23.2        | 1.1        | -2.5        |
| Natural resources         | 4.9         | 4.5         | 7.7        | -0.9        | -27.0        | -0.6       | -0.8        |
| Other manufacturing       | -1.5        | -0.1        | 4.4        | 0.6         | -24.8        | 0.3        | -1.6        |
| Other metals              | -5.5        | -1.2        | 8.6        | -0.9        | -30.7        | 0.0        | -1.2        |
| Paper products            | -2.2        | 0.3         | 3.8        | 0.3         | -21.9        | 1.1        | -2.6        |
| Pharmaceutical products   | -7.7        | -0.1        | -3.0       | 0.4         | -30.0        | 0.3        | -2.6        |
| Services                  | -3.1        | -0.9        | 1.2        | -0.8        | -6.4         | -0.6       | -1.7        |
| Transport equipment       | -9.9        | -1.4        | -8.7       | -1.5        | -38.2        | -0.8       | -1.6        |
| Wood products             | -3.7        | -2.8        | 0.0        | -2.3        | -17.8        | 3.0        | 0.4         |
| <b>Total</b>              | <b>-9.0</b> | <b>-0.3</b> | <b>3.0</b> | <b>-0.1</b> | <b>-19.4</b> | <b>0.0</b> | <b>-1.6</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

## Escalating scenario

**Table 31. Percentage change in Sweden's bilateral trade, per sector, following tariff changes in the escalating scenario**

|                           | Canada      | China       | EU          | Mexico      | US           | RoW*        | Total       |
|---------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| <b>A: Sweden exports</b>  |             |             |             |             |              |             |             |
| Agriculture and Food      | 5.4         | -3.8        | 0.3         | -4.1        | -9.1         | -0.1        | -0.3        |
| Chemical products         | 8.6         | -1.9        | 1.2         | 6.5         | -18.3        | -0.2        | -1.1        |
| Computers and electronics | 14.6        | -1.5        | 1.2         | 17.9        | -13.2        | -1.3        | -0.8        |
| Iron and steel            | 23.2        | -3.7        | -1.7        | 3.5         | -27.0        | -2.4        | -3.8        |
| Motor vehicles and parts  | 22.0        | 1.4         | 1.1         | 0.4         | -16.7        | 0.3         | -0.8        |
| Natural resources         | -11.7       | -2.9        | -4.9        | -6.4        | -1.2         | -0.7        | -3.4        |
| Other manufacturing       | 7.5         | -0.7        | 1.5         | 6.6         | -19.2        | -0.1        | -1.0        |
| Other metals              | 17.5        | -3.5        | -0.2        | 9.5         | -9.4         | -1.0        | -0.9        |
| Paper products            | 10.8        | 0.8         | 0.6         | 7.5         | -10.8        | -0.5        | 0.0         |
| Pharmaceutical products   | 1.8         | -0.8        | 2.9         | 8.8         | -10.0        | 2.5         | 0.7         |
| Services                  | -1.6        | -3.0        | -0.1        | 0.6         | 2.2          | -0.1        | 0.0         |
| Transport equipment       | -5.2        | -5.0        | 0.8         | -1.9        | -16.2        | 2.1         | -3.7        |
| Wood products             | 14.7        | -3.5        | -0.4        | -4.0        | -17.5        | -1.7        | -1.8        |
| <b>Total</b>              | <b>8.2</b>  | <b>-1.3</b> | <b>0.5</b>  | <b>7.0</b>  | <b>-11.5</b> | <b>-0.2</b> | <b>-0.8</b> |
| <b>B: Sweden imports</b>  |             |             |             |             |              |             |             |
| Agriculture and Food      | -3.2        | 3.3         | -0.2        | -0.5        | -37.3        | 1.3         | -0.3        |
| Chemical products         | -7.0        | 4.6         | -0.5        | 0.0         | -31.2        | 3.4         | -0.7        |
| Computers and electronics | -15.9       | 6.6         | -0.1        | -2.7        | -57.2        | 2.7         | -0.5        |
| Iron and steel            | -1.0        | 2.7         | -1.3        | -0.9        | -31.4        | 1.2         | -0.9        |
| Motor vehicles and parts  | -4.2        | -19.2       | -0.1        | -1.0        | -46.2        | 1.4         | -0.7        |
| Natural resources         | -9.6        | 0.0         | -6.8        | 0.0         | -16.3        | 1.3         | -0.3        |
| Other manufacturing       | -5.7        | 3.8         | -0.8        | -0.9        | -42.0        | 2.5         | -0.7        |
| Other metals              | -10.1       | 5.1         | -0.9        | -0.9        | -33.1        | 1.7         | -0.8        |
| Paper products            | -6.1        | 4.3         | 0.1         | -0.6        | -44.9        | 1.5         | -1.2        |
| Pharmaceutical products   | -0.8        | 8.0         | 1.5         | 0.0         | -23.4        | 2.8         | -0.3        |
| Services                  | -5.2        | 1.5         | -0.4        | -1.2        | -9.2         | 0.6         | -1.1        |
| Transport equipment       | -11.4       | 6.6         | 0.2         | -1.1        | -25.0        | 2.9         | -0.7        |
| Wood products             | -6.2        | 3.5         | -1.1        | 0.0         | -15.6        | 3.2         | -0.1        |
| <b>Total</b>              | <b>-7.5</b> | <b>3.9</b>  | <b>-0.4</b> | <b>-1.4</b> | <b>-19.4</b> | <b>1.5</b>  | <b>-0.8</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

**Table 32. Percentage change in EU bilateral trade, per sector, following tariff changes in the escalating scenario**

|                           | Canada      | China       | EU         | Mexico      | Sweden      | US           | RoW*        | Total       |
|---------------------------|-------------|-------------|------------|-------------|-------------|--------------|-------------|-------------|
| <b>A: EU exports</b>      |             |             |            |             |             |              |             |             |
| Agriculture and Food      | 4.8         | -0.6        | 0.0        | 2.8         | -0.2        | -9.0         | -0.7        | -0.6        |
| Chemical products         | 8.7         | -2.2        | 0.7        | 6.1         | -0.5        | -16.8        | -0.6        | -0.9        |
| Computers and electronics | 13.7        | -2.5        | 0.6        | 17.8        | -0.1        | -11.9        | -1.8        | -1.1        |
| Iron and steel            | 23.1        | -3.8        | -1.8       | 3.4         | -1.3        | -30.3        | -2.2        | -2.9        |
| Motor vehicles and parts  | 21.9        | 0.7         | 0.6        | 8.2         | -0.1        | -16.7        | -0.3        | -0.7        |
| Natural resources         | -2.0        | 2.4         | -4.4       | 12.1        | -6.8        | -38.9        | 3.2         | -1.9        |
| Other manufacturing       | 5.5         | -1.8        | 0.2        | 5.5         | -0.8        | -14.0        | -0.9        | -1.4        |
| Other metals              | 17.3        | -4.2        | -0.9       | 7.7         | -0.9        | -19.9        | -1.8        | -2.0        |
| Paper products            | 12.1        | 0.3         | 0.1        | 6.2         | 0.1         | -12.6        | -0.4        | -0.3        |
| Pharmaceutical products   | 0.7         | -1.8        | 1.6        | 8.3         | 1.5         | -7.7         | 1.0         | -0.3        |
| Services                  | -1.5        | -3.1        | -0.3       | 0.6         | -0.4        | 2.1          | 0.0         | -0.1        |
| Transport equipment       | -2.9        | -5.9        | -0.3       | -2.3        | 0.2         | -18.4        | -0.2        | -3.3        |
| Wood products             | 14.4        | -4.3        | -1.2       | -1.2        | -1.1        | -15.5        | -2.4        | -2.1        |
| <b>Total</b>              | <b>6.0</b>  | <b>-2.1</b> | <b>0.1</b> | <b>6.8</b>  | <b>-0.4</b> | <b>-9.6</b>  | <b>-0.6</b> | <b>-1.0</b> |
| <b>B: EU imports</b>      |             |             |            |             |             |              |             |             |
| Agriculture and Food      | -3.9        | 3.5         | 0.0        | -0.1        | 0.3         | -36.9        | 1.8         | -0.4        |
| Chemical products         | -5.7        | 5.8         | 0.7        | 0.9         | 1.2         | -38.6        | 4.6         | -0.9        |
| Computers and electronics | -14.8       | 7.3         | 0.6        | -1.8        | 1.2         | -51.9        | 3.5         | -0.5        |
| Iron and steel            | -0.9        | 2.1         | -1.8       | -0.9        | -1.7        | -39.3        | 3.9         | -0.9        |
| Motor vehicles and parts  | -12.0       | -18.4       | 0.6        | -3.6        | 1.1         | -46.4        | 2.2         | -0.7        |
| Natural resources         | -6.6        | -0.5        | -4.4       | -3.5        | -4.9        | -16.5        | 0.7         | -0.4        |
| Other manufacturing       | -4.9        | 4.5         | 0.2        | -1.5        | 1.5         | -41.2        | 3.6         | -0.7        |
| Other metals              | -10.2       | 5.2         | -0.9       | 1.4         | -0.2        | -40.3        | 3.5         | -0.7        |
| Paper products            | -6.5        | 4.1         | 0.1        | -0.9        | 0.6         | -44.8        | 2.4         | -0.8        |
| Pharmaceutical products   | -5.6        | 8.2         | 1.6        | -0.7        | 2.9         | -22.9        | 3.4         | -0.3        |
| Services                  | -5.0        | 1.7         | -0.3       | -1.1        | -0.1        | -9.1         | 1.0         | -0.9        |
| Transport equipment       | -12.2       | 6.5         | -0.3       | -11.4       | 0.8         | -32.1        | 3.2         | -1.0        |
| Wood products             | -6.1        | 3.6         | -1.2       | 0.1         | -0.4        | -41.1        | 9.1         | -0.1        |
| <b>Total</b>              | <b>-6.7</b> | <b>4.7</b>  | <b>0.1</b> | <b>-2.5</b> | <b>0.5</b>  | <b>-25.7</b> | <b>2.2</b>  | <b>-0.7</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

**Table 33. Percentage change in US bilateral trade, per sector, following tariff changes in the escalating scenario**

|                           | Canada       | China        | EU           | Mexico      | Sweden       | RoW*         | Total        |
|---------------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| <b>A: US exports</b>      |              |              |              |             |              |              |              |
| Agriculture and Food      | -11.5        | -53.6        | -36.9        | -7.0        | -37.3        | -9.9         | -17.3        |
| Chemical products         | -14.2        | -62.5        | -38.6        | -9.5        | -31.2        | -15.6        | -21.7        |
| Computers and electronics | -20.5        | -74.2        | -51.9        | -6.9        | -57.2        | -21.4        | -26.1        |
| Iron and steel            | -32.2        | -55.7        | -39.3        | -9.3        | -31.4        | -14.2        | -22.6        |
| Motor vehicles and parts  | -21.2        | -55.0        | -46.4        | -11.9       | -46.2        | -17.9        | -23.5        |
| Natural resources         | -15.2        | -72.7        | -16.5        | -7.6        | -16.3        | -11.2        | -14.7        |
| Other manufacturing       | -15.2        | -63.9        | -41.2        | -7.7        | -42.0        | -13.5        | -19.4        |
| Other metals              | -43.2        | -70.9        | -40.3        | -11.1       | -33.1        | -20.1        | -28.1        |
| Paper products            | -16.1        | -58.5        | -44.8        | -6.4        | -44.9        | -13.0        | -21.3        |
| Pharmaceutical products   | -23.5        | -69.3        | -22.9        | -17.3       | -23.4        | -23.2        | -25.2        |
| Services                  | -10.1        | -11.2        | -9.1         | -7.6        | -9.2         | -10.7        | -9.3         |
| Transport equipment       | -24.5        | -76.6        | -32.1        | -16.6       | -25.0        | -19.8        | -22.2        |
| Wood products             | -34.8        | -58.1        | -41.1        | -11.6       | -15.6        | -12.3        | -28.6        |
| <b>Total</b>              | <b>-17.7</b> | <b>-44.7</b> | <b>-25.7</b> | <b>-8.4</b> | <b>-19.4</b> | <b>-13.3</b> | <b>-17.6</b> |
| <b>B: US imports</b>      |              |              |              |             |              |              |              |
| Agriculture and Food      | 0.9          | -26.5        | -9.0         | -1.7        | -9.1         | -13.1        | -8.4         |
| Chemical products         | -10.6        | -29.6        | -16.8        | -17.4       | -18.3        | -14.2        | -15.8        |
| Computers and electronics | -20.1        | -37.5        | -11.9        | 15.8        | -13.2        | -2.6         | -11.6        |
| Iron and steel            | -29.5        | -29.2        | -30.3        | -24.3       | -27.0        | -16.8        | -22.5        |
| Motor vehicles and parts  | -13.0        | -22.3        | -16.7        | -1.5        | -16.7        | -16.0        | -11.4        |
| Natural resources         | 0.2          | -64.9        | -38.9        | -11.7       | -1.2         | -0.3         | -1.1         |
| Other manufacturing       | -8.1         | -38.7        | -14.0        | -15.0       | -19.2        | -12.0        | -18.9        |
| Other metals              | -24.6        | -49.1        | -19.9        | -2.7        | -9.4         | -1.9         | -17.0        |
| Paper products            | -14.0        | -27.8        | -12.6        | 0.9         | -10.8        | -8.4         | -13.5        |
| Pharmaceutical products   | -19.6        | -25.9        | -7.7         | -6.5        | -10.0        | -10.5        | -10.0        |
| Services                  | -2.8         | 4.3          | 2.1          | 1.6         | 2.2          | 3.3          | 2.5          |
| Transport equipment       | -29.9        | -41.7        | -18.4        | -27.8       | -16.2        | -16.2        | -20.6        |
| Wood products             | -23.7        | -31.8        | -15.5        | -9.3        | -17.5        | -17.2        | -22.5        |
| <b>Total</b>              | <b>-9.2</b>  | <b>-35.5</b> | <b>-9.6</b>  | <b>1.1</b>  | <b>-11.5</b> | <b>-5.8</b>  | <b>-10.3</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

**Table 34. Percentage change in China's bilateral trade, per sector, following tariff changes in the escalating scenario**

|                           | Canada       | EU          | Mexico      | Sweden      | USA          | RoW*        | Total       |
|---------------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|
| <b>A: China exports</b>   |              |             |             |             |              |             |             |
| Agriculture and Food      | 8.0          | 3.5         | 6.6         | 3.3         | -26.5        | 2.0         | -0.2        |
| Chemical products         | 14.1         | 5.8         | 11.7        | 4.6         | -29.6        | 3.4         | 1.2         |
| Computers and electronics | 20.1         | 7.3         | 25.7        | 6.6         | -37.5        | 4.2         | -3.6        |
| Iron and steel            | -12.0        | 2.1         | 7.5         | 2.7         | -29.2        | 1.3         | 0.6         |
| Motor vehicles and parts  | -24.1        | -18.4       | 15.0        | -19.2       | -22.3        | -0.4        | -6.5        |
| Natural resources         | -11.7        | -0.5        | -6.3        | 0.0         | -64.9        | 2.9         | -1.2        |
| Other manufacturing       | 8.0          | 4.5         | 9.7         | 3.8         | -38.7        | 2.4         | -4.7        |
| Other metals              | 6.8          | 5.2         | 14.6        | 5.1         | -49.1        | 3.6         | -3.1        |
| Paper products            | 16.9         | 4.1         | 10.1        | 4.3         | -27.8        | 2.5         | -1.8        |
| Pharmaceutical products   | 7.0          | 8.2         | 17.5        | 8.0         | -25.9        | 3.7         | 0.3         |
| Services                  | 0.0          | 1.7         | 1.2         | 1.5         | 4.3          | 1.7         | 1.6         |
| Transport equipment       | 5.9          | 6.5         | 13.7        | 6.6         | -41.7        | 5.4         | 1.9         |
| Wood products             | 16.3         | 3.6         | 3.9         | 3.5         | -31.8        | 2.0         | -4.8        |
| <b>Total</b>              | <b>9.5</b>   | <b>4.7</b>  | <b>17.6</b> | <b>3.9</b>  | <b>-35.5</b> | <b>2.9</b>  | <b>-3.1</b> |
| <b>B: China imports</b>   |              |             |             |             |              |             |             |
| Agriculture and Food      | -24.4        | -0.6        | -0.1        | -3.8        | -53.6        | 3.3         | -7.2        |
| Chemical products         | -8.1         | -2.2        | -2.3        | -1.9        | -62.5        | -0.1        | -4.6        |
| Computers and electronics | -18.2        | -2.5        | -6.5        | -1.5        | -74.2        | -0.8        | -4.4        |
| Iron and steel            | -11.3        | -3.8        | -4.7        | -3.7        | -55.7        | -1.7        | -4.0        |
| Motor vehicles and parts  | -18.5        | 0.7         | -3.5        | 1.4         | -55.0        | 2.0         | -6.8        |
| Natural resources         | 1.2          | 2.4         | 5.3         | -2.9        | -72.7        | -2.1        | -2.6        |
| Other manufacturing       | -7.1         | -1.8        | -4.3        | -0.7        | -63.9        | -0.1        | -5.3        |
| Other metals              | -13.6        | -4.2        | -1.7        | -3.5        | -70.9        | -1.5        | -4.2        |
| Paper products            | -5.9         | 0.3         | -0.9        | 0.8         | -58.5        | 1.9         | -7.5        |
| Pharmaceutical products   | -9.2         | -1.8        | -8.6        | -0.8        | -69.3        | 0.0         | -7.1        |
| Services                  | -7.2         | -3.1        | -4.3        | -3.0        | -11.2        | -2.3        | -4.1        |
| Transport equipment       | -16.9        | -5.9        | -15.6       | -5.0        | -76.6        | -2.8        | -5.7        |
| Wood products             | -9.3         | -4.3        | -4.8        | -3.5        | -58.1        | 2.1         | -3.8        |
| <b>Total</b>              | <b>-13.0</b> | <b>-2.1</b> | <b>-3.5</b> | <b>-1.3</b> | <b>-44.7</b> | <b>-0.8</b> | <b>-4.5</b> |

Source: METRO Simulations by the National Board of Trade, Sweden

\* RoW refers to the Rest of the World.

# Sammanfattning på svenska

## Summary in Swedish

USA:s handelspolitik har under 2025 präglats av kraftiga tullhöjningar. Tullarna, som för bara något år sedan framstått som orealistiska, omfattar ett brett spektrum av varor och handelspartners. Medan EU och ett fåtal andra länder har förhandlat fram avtal med USA som sänker vissa tullar och skapar viss förutsägbarhet, möter andra länder fortsatt betydande och brett tillämpade tullar. Den internationella handeln präglas av ökade spänningar och en tilltagande osäkerhet kring handelspolitiken. Mot denna bakgrund har Kommerskollegium, med hjälp av OECD:s globala handelsmodell METRO, simulerat de ekonomiska effekterna av förändrade tullnivåer.

Analysen utgår från ett *huvudscenario* som återspeglar de tullnivåer som för närvarande är i kraft eller under utredning, inklusive Turnberry-avtalet mellan EU och USA. Utöver detta huvudscenario presenteras två alternativa scenarion: ett *avtalsscenariot* och ett *eskaleringscenariot*. *Avtalsscenariot* innebär att USA sluter flera Turnberry-liknande avtal med fler handelspartner, samt att tullnivåerna sänks mellan USA och Kanada, Mexiko respektive Kina. *Eskaleringscenariot* beskriver å sin sida en utveckling med ökade tullar från USA och andra länder.

Resultaten visar att tullar leder till betydande ekonomiska kostnader. I samtliga tre scenarier påverkas USA:s handel mest negativt, särskilt inom branscher som är djupt integrerade i globala värdekedjor, såsom elektronik, motorfordon och läkemedel. Detta återspeglas även i effekterna på produktion och bnp. För Sverige och EU är de samlade effekterna mer begränsade, men vissa exportsektorer till USA påverkas kraftigt – särskilt stålindustrin. Kinas export till USA minskar, men mildrar effekten genom att omdirigera handeln till andra marknader.

En jämförelse mellan scenarierna visar hur olika tullnivåer påverkar handel och tillväxt. I *avtalsscenariot* dämpas den globala nedgången något. För Sverige och EU blir dock utfallet något sämre än i huvudscenariot, eftersom deras nuvarande relativa konkurrensfördel på den amerikanska marknaden under Turnberry-avtalet neutraliseras när fler länder omfattas av liknande tullnivåer. I *eskaleringscenariot* fördjupas den globala nedgången ytterligare: världshandeln minskar kraftigt, Sveriges och EU:s export till USA faller markant inom flera nyckelsektorer och de globala bnp-förlusterna tilltar.

Sammantaget visar simuleringarna att tullar är ett ineffektivt verktyg för att skydda inhemska industrier. Tullarna stör värdekedjor, driver upp kostnader och försämrar konkurrenskraften.

Den tilltagande urholkningen av det regelbaserade handelssystemet understryker behovet av strategiskt samarbete och nya initiativ för att värna en öppen och förutsägbar världshandel.

**The National Board of Trade Sweden** is the government agency for international trade, the EU internal market and trade policy. Our mission is to facilitate free and open trade with transparent rules as well as free movement in the EU internal market.

Our goal is a well-functioning internal market, an external EU trade policy based on free trade and an open and strong multilateral trading system.

We provide the Swedish Government with analyses, reports and policy recommendations. We also participate in international meetings and negotiations.

The National Board of Trade, via SOLVIT, helps businesses and citizens encountering obstacles to free movement. We also host several networks with business organisations and authorities which aim to facilitate trade.

As an expert agency in trade policy issues, we also provide assistance to developing countries through trade-related development cooperation. One example is Open Trade Gate Sweden, a one-stop information centre assisting exporters from developing countries in their trade with Sweden and the EU.

Our analyses and reports aim to increase the knowledge on the importance of trade for the international economy and for global sustainable development. Publications issued by the National Board of Trade only reflect the views of the Board.

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