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Trump Tariffs Trigger Global Legal Frenzy as Clients Seek Urgent Trade War Solutions

Baker McKenzie, Akin, and firms worldwide are fielding inquiries from clients eager to understand which parts of the value chain are impacted by tariffs, whether services are affected, and what steps they can take to mitigate financial losses.

Autor

Donald Trump’s escalating trade war has lawyers around the world scrambling for answers as clients adapt to the new reality, including the possibility of relocating production to more favorable jurisdictions.

From Australia to South Africa, questions swirl about the impact of a slew of tariffs on countries big and small that threaten to tilt the world into recession.

“At the moment, clients are really concerned and watching what’s going to happen,” said Baker McKenzie Germany managing partner Alexander Wolff.

Members of the European Union, including Germany, were slapped with a 20% tariff on exports to the U.S. Trump even imposed 10% tariffs on Heard Island and McDonald Islands, an external territory of Australia near Antarctica populated by penguins. Russia and Belarus were spared, however.

Israel, despite its close relationship with the U.S., faces a 17% tariff. Prime Minister Benjamin Netanyahu was among the world leaders rushing—unsuccessfully, it transpired—to negotiate better terms with the White House.

China, meanwhile, has taken a different tack. The world’s second-largest economy retaliated over the weekend with a 34% tax on U.S. products. That led Trump to threaten an additional 50% tariff, bringing the tally to 104%.

This standoff is stirring debate about whether trade alliances will reshuffle, with more countries focusing their energy on Beijing.

“China may come out ahead as the stable and dependable trading partner,” said Clifford Ng, a Hong Kong-based senior partner at Zhong Lun Law Firm.

Advice Needed

In the meantime, clients have questions. They want to know which parts of the value chain are impacted, and whether the tariffs will hit services as well as goods. Above all, they want advice on steps they can take to reduce financial losses.

The tariffs announced last week start at 10% for most countries and rise to as much as 50% for the tiny kingdom of Lesotho, which is entirely surrounded by South Africa. The introduction of tariffs ends the U.S.-Africa duty-free trade agreement, raising uncertainty for investors as countries like Lesotho, South Africa, and Nigeria face varying tax rates, with negotiations ongoing but unlikely to gain support from the African Union.

Some regions fared better than others. The U.S. imposed a 10% baseline reciprocal tariff rate for the majority of Middle East and North African countries, with exceptions for Syria, Iraq, Jordan, and several others.

"The economic slowdown caused by the tariffs has already started to affect the private equity market in Dubai. Several IPOs that were set to launch this week have been cancelled," said Michael Kortbawi at Dubai's BSA Law.

Most of Latin America will face a 10% tariff on imports to the U.S. while, surprisingly, both Canada and Mexico avoided reciprocal tariffs after months of caustic rhetoric from Trump but they aren't completely off the hook.

While Canada and Mexico face some tariffs, such as a 25% tariff on steel and aluminum and a 25% levy on non-U.S. content in cars, goods that comply with the USMCA trade agreement are exempt from U.S. tariffs. However, all other imports from Canada to the U.S. are subject to a 25% tariff, except for energy and potash, which face a 10% levy.

Trump's push for Canada to become the 51st state and the heavy tariffs on its closest trading partner have sparked a surge in patriotism, from buying local products to flying more Maple Leaf flags and even offering "Canadianos" instead of "Americanos" at coffee shops.

Is Europe's Loss Latin America's Gain?

Now companies are studying the feasibility and general requirements for relocating manufacturing operations to Mexico, including compliance with the rules of origin necessary to confer duty free status under the U.S.-Mexico-Canada trade agreement.

Companies from countries severely impacted by U.S. tariffs, particularly in Europe and Asia, “are actively assessing the strategic benefits of relocating their production facilities to Mexico”, said Luis Miguel Jiménez, a partner at Mexican firm Von Wobeser y Sierra.

Jiménez is providing guidance on the step-by-step establishment of manufacturing operations in Mexico, while also helping clients understand how to achieve origin status under the USMCA trade agreement.

Normally low-profile leading Mexican executives have stepped forward in recent days to underscore the depth of their multi-billion investments in the U.S., and their commitments to continue investing.

“These investments from companies in Mexico will continue to happen,” said Juan Pablo del Valle, chairman of petrochemicals group Orbia, whose company employs more than 2,400 people across 14 U.S. states.

Fernando Benjamin Bueno, of Brazil’s Demarest Advogados, also sees a silver lining for Latin America’s largest economy: “Potential retaliatory measures applied by third countries (like China and EU countries) against the U.S. may also result in more market access to Brazilian exporters in these third countries, especially for agricultural commodities where the U.S. is a key competitor.”

The long-term potential benefits would only be reaped if Brazil manages to remain neutral in the trade wars, however.

A Holding Pattern for Some

China is not alone in taking a more aggressive stance in the reordering of world trade. French President Emmanuel Macron has called on EU businesses to stop investing in the U.S. EU leaders, meanwhile, are considering a new tax on digital services that would impact Big Tech giants like Apple, Microsoft, Amazon, Google, and Meta.

Some businesses are in a holding pattern while they try to determine which way the wind is blowing. Jaguar Land Rover, for example, said it will pause shipments of its U.K.-made cars to the U.S. for a month as it considers how to deal with Trump's 25% tariff on imported cars and light trucks.

Alan Yanovich, an international trade partner at Akin Gump Strauss Hauer & Feld in Geneva, said his firm is seeing a surge in inquiries—including questions about the impact of potential retaliation and protectionist moves by other countries.

"There are a lot of technical issues that are not always clear on their face," said Yanovich.

Clients want to develop strategies to curb the impact of the tariffs, while some are also considering legal challenges under U.S. law or remedies through international trade agreements.

"Affected companies can also work with their government to find ways to mitigate the impact of the tariffs," Yanovich said. "This is another area on which we are advising clients."

Spain, for instance, has unveiled a €14.1 billion plan that includes lines of credit in an attempt to shield Spanish workers and companies from the levies.

Impact on Deal-Making

It remains to be seen how the reshuffling of global trade norms impacts deal-making.

Data from the London Stock Exchange Group showed worldwide M&A activity valued at $885.2 billion during the first quarter of 2025, an increase of 15% compared to year-ago levels and the strongest opening period by value for deal-making since 2022.

The number of deals, however, fell by 15% on the year.

Lawyers who focus on M&A and cross-border deals anticipate a pause in deal-making while investors and bankers digest the impact of rising tariffs on business.

"We would all prefer a more benign deal-making environment, but we have adapted to major challenges in recent years, and we will adapt once more," said Herbert Smith Freehills' global co-head of corporate, Mike Flockhart.

Still, if they remain in effect, elevated tariffs would hit consumers around the world, creating difficult conditions in major economies.

Recession almost always has a chilling effect on M&A, Flockhart said, with those slowdowns in activity only partially offset by an increase in restructuring and distressed M&A.