Corporate Insights:

US M&A Legal Considerations Surrounding Tariffs

US – April 2025

During his 2024 political campaign, President Donald Trump promised to introduce economic tariffs against China, Canada, Mexico and other countries.

During his time back in office, President Trump has followed through on that promise to varying degrees with the imposition and continued threat of tariffs. These tariffs will impact the US mergers and acquisitions (M&A) legal landscape in various ways, particularly for transactions involving companies with global supply chains. Buyers and sellers must carefully assess the impact of existing and potential tariffs on target companies' financials, operations and contractual obligations.

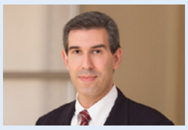
Key legal considerations include:

- **Due diligence** – Consider the impact on valuation and financial metrics, supply chains and production, product costs and profitability, demand and price increases, and the relative effect on competitors. Due diligence should focus on tariff exposure in supply chains, reviewing import classifications and historical compliance with trade laws.
- **Purchase agreements** – Address tariff-related risks through pricing mechanisms, representations and warranties, and indemnification provisions. Key terms such as "Material Adverse Effect" or "Material Adverse Change" and "ordinary course of business" must be carefully considered.
- **Policy matters** – Obtain real-time policy advice from experts "in the know" to develop effective strategies to address potential future impacts. Influence policy through lobbying efforts, trade groups or otherwise to ensure you are heard at the right time, by the right people.
- **Antitrust/foreign investment scrutiny** – Understand how tariffs may impact government investigations by, among other things, reducing the competitive significance of international rivals, as well as reframing foreign investment considerations relevant to Committee on Foreign Investment in the United States (CFIUS) and Foreign Direct Investment (FDI) oversight. Changing dynamics could result in regulators taking longer to clear deals, and regulators could demand remedial steps that otherwise would not be necessary.
- **Mitigation strategies** – Explore tariff exclusions, supply chain restructuring, inventory buildup or alternative sources to reduce the financial impact of tariffs.

Given ongoing trade policy developments, companies engaged in M&A should work closely with legal counsel to navigate tariff-related risks and opportunities. For further guidance, please contact the authors or any other members of our M&A, Public Policy and Antitrust & Competition teams.

Contacts

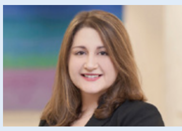
Matthew M. Holman
Partner, Phoenix
T +1 602 528 4083
E matthew.holman@squirepb.com



David A. Saltzman
Partner, Palo Alto
T +1 650 843 3336
E david.saltzman@squirepb.com

Michael S. Wise
Partner, Washington DC
T +1 202 457 5239
E michael.wise@squirepb.com

Everett Eissenstat
Partner, Washington DC
T +1 202 457 6535
E everett.eissenstat@squirepb.com



Ludmilla L. Kasulke
Partner, Washington DC
T +1 202 457 5125
E ludmilla.kasulke@squirepb.com

00000/00/24