Browne Jacobson

How will US tariffs affect energy and infrastructure sectors in UK and Ireland?

11 April 2025 Zoe Stollard

President Donald Trump's decision to impose sweeping US tariffs on foreign products may not directly affect energy markets in the short term, but businesses should be aware of knock-on impacts further down the line.

Both countries are net energy importers, making them susceptible to global economic shocks such as those resulting from trade wars.

The UK imported £18.7bn of fuels from the US in 2023 – 24% of all imports, with crude oil and natural gas the most prominent – while three-quarters of Ireland's crude oil imports are from the US.

With President Trump hoping the tariff effect will lead to more onshoring of manufacturing, energy demand could rise and leave fewer oil and gas for exports – ultimately pushing up electricity and gas bills in the UK and Ireland.

Zoe Stollard, Partner specialising in energy projects at Browne Jacobson, explains why government policy and business strategies must therefore be adaptive and forward-thinking.

Government energy policy response to US tariffs

1. **Diversification of energy sources**: Both the UK government and EU could focus on diversifying their energy sources to reduce dependency on imported LNG, such as investing in renewable energy sources including nuclear, wind, solar and hydroelectric power, for more stability and sustainability. While these technologies are already a key part of the net zero agenda, further government backing and assistance may be required to fast-track these sources.
2. **International negotiations**: Engaging in diplomatic efforts to negotiate trade agreements that stabilise or reduce tariffs and other barriers can be crucial. This might involve bilateral talks with the US or broader negotiations within the framework of the World Trade Organization.
3. **Support mechanisms for businesses and consumers**: Implementing subsidies or tax relief programmes could provide crucial support to sectors most affected by energy price increases, such as manufacturing.

Legal and practical advice to businesses and energy producers

1. **Risk management strategies**: Businesses should develop robust risk management strategies that include scenarios for energy price fluctuations. This could involve financial instruments, such as futures contracts or options to hedge against price increases.
2. **Energy efficiency measures**: Investing in energy efficiency can reduce overall consumption, thus lessening the impact of higher energy prices. This could include upgrading equipment, improving insulation or adopting more efficient processes. As energy prices rise, it could mean the up-front investment will be more than worthwhile, whereas previously the benefits were only slight.
3. **Exploring alternative energy**: For energy producers, investing in alternative energy projects such as bioenergy and geothermal. Expanding into renewable sectors could help reduce reliance on natural gas.
4. **Review contracts**: Once commercial and technical due diligence is completed, businesses must ensure they establish adequate legal protection via contracts to reflect commercial agreements.

By taking these proactive steps, both governments and businesses can better manage the challenges posed by external economic influences on energy prices, ensuring more stability and sustainability in the energy sector.

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