

ECOSYSTEMS

# European tech warns Trump tariffs will hit both hardware and software

The new measures have sparked various fears among European startups

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Europe's tech industry is bracing for impact after the Trump administration announced sweeping tariffs yesterday.

The US slapped a 20% tariff on imports from the EU — twice the rate for the UK. Switzerland fared even worse, receiving a hefty 32% levy.

Several European tech firms, [investors](#), and analysts told TNW that the measures could disrupt supply chains, force pricing adjustments, and stem the flow of transatlantic VC capital — plunging European tech companies big and small into uncertainty.

“Trump's trade tariffs will have a huge impact on the global tech landscape, forcing startups to reconsider their headquarters and assess alternative markets,” said Louis Fearn, principal and sustainability lead at InMotion Ventures, the investment arm of Jaguar Land Rover.

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For companies with hardware-dependent models, the tariffs represent a major cost challenge. Miika Mäkitalo, CEO of Finnish firm HappyOrNot, which makes customer feedback terminals, noted that nearly half of the company's business is across the pond. He said the tariffs might force the firm to consider "initiating assembly and production in the United States."

Although the tariffs only apply to physical goods, service-based startups will also feel the impact.

Benjamin Avraham, founder and CEO of Swiss fintech Okoora, said there are many "secondary effects" that will harm the "smaller startup community" indirectly. These include changes in supply chains, barriers to VC investments, and increased volatility in exchange rates.

Software could also suffer from additional constraints. Amanda Brock, CEO at open-source lobby group OpenUK, said that while software has long been characterised as an intangible service, it "may be subject to other trade restrictions."

The fallout has already begun. Trump's tariffs have sent markets into disarray and risk compounding existing tensions in global trade. Stocks [have plunged](#) around the world and countries [have promised](#) retaliatory measures. "The newly announced blanket tariffs by President Trump create more uncertainty in the global tech industry," said Martin Hartley, Group CCO of international tech consultancy Emerge. "These measures could make businesses in the EU avoid the US altogether to sidestep additional costs."

For European startups, the tariffs may force a stark strategic choice. "Trump is playing with fire," warned Matt Penneycard, partner at UK-based Ada Ventures. "Startups selling to US customers now face two options: anchor in Europe and embrace its stability, or find ways to maintain access to the States by setting up operations there."

He added that this moment could be an opportunity for Europe. "As the US becomes a tougher place to operate, top talent may follow stability — this is Europe's moment to build a new Silicon Valley."

*European startups are the heartbeat of [TNW Conference](#), which takes place on June 19-20 in Amsterdam. Tickets for the event are [now on sale](#). Use the code [TNWXMEDIA2025](#) at the check-out to get 30% off the price tag.*

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