



**PIIE** PETERSON INSTITUTE FOR  
INTERNATIONAL ECONOMICS

# US Trade Policy Update

**Chad P. Bown**

Global Economic Prospects: Spring 2025

April 15, 2025

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# Key US tariff actions thus far

- Feb 4: 10% on China
- Mar 4: 10% on China
- Mar 4: 25% on Canada and Mexico (USMCA noncompliant)
- Mar 12: 25% on steel, aluminum, derivatives
- Apr 3: 25% on autos
- Apr 5: 10% baseline on almost everyone
  - Apr 9: 1% to 115% more on trade surplus countries (temporarily), then 90 day pause except China
  - Apr 11: carveout for smartphones, laptops, etc. (goods related to “semiconductors”)
- May 2: *de minimis* ends for China (scheduled)
- May 3: 25% on auto parts (scheduled)
- **Signaled:** Lumber/Copper (Section 232), semiconductors, pharmaceuticals, Secondary for Venezuelan oil, 12% on Canada and Mexico (USMCA noncompliant goods), ...



REALTIME ECONOMICS

## Trump's trade war timeline 2.0: An up-to-date guide

Chad P. Bown (PIIE)

April 11, 2025 10:00 AM

### Trump's trade war timeline 2.0: An up-to-date guide

Filter by category: **Fentanyl and Immigration** **Trade deficits** **Venezuela sanctions**

**Autos and parts** **Copper** **Critical minerals** **Lumber** **Steel and aluminum**

**Retaliation**

Filter by country: **Canada** **China** **European Union** **Mexico** **Austria**

**France** **Italy** **Spain** **Turkey** **United Kingdom** **World**

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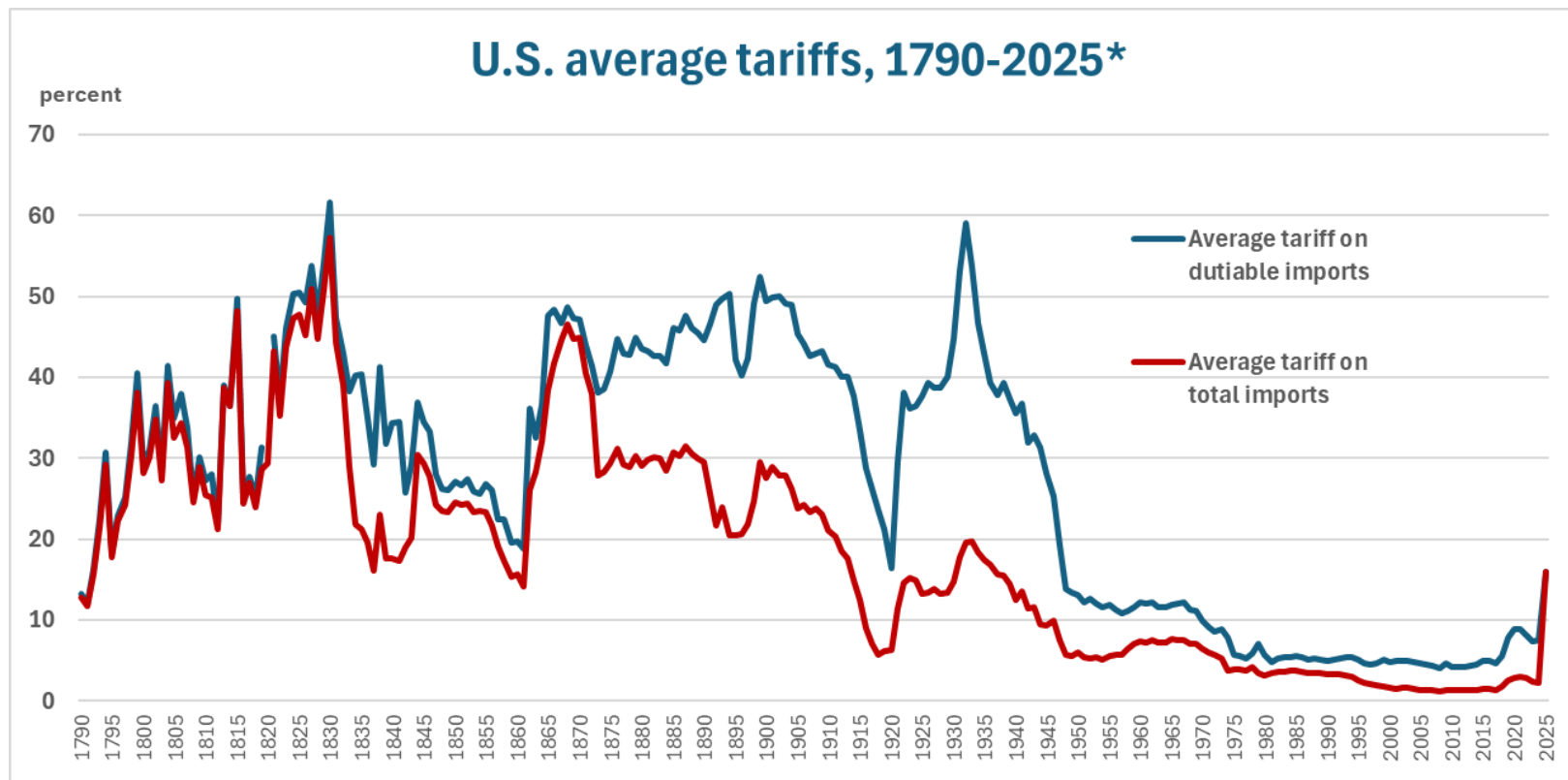
# US tariffs in 2025 are historically consequential

## US average tariffs on total imports

- Jan 2018: 1.4%
- Jan 2025: 2.4%
- Apr 11 2025: ≈ **15-20%**

## Other notables for 2025

- Levels high (≈1930s)
- Increase massive
- New tariffs on zero tariff items
- Country differences...



Source: Bown and Irwin (in progress)

Note: \*2025 levels are estimated

# US-China bilateral tariffs have skyrocketed since 2018



PIIE CHARTS

## US average tariffs on China

- Jan 2018: 3%
- Feb 2020: 19%
- Jan 2025: 21%
- April 12, 2025: ≈ 124%

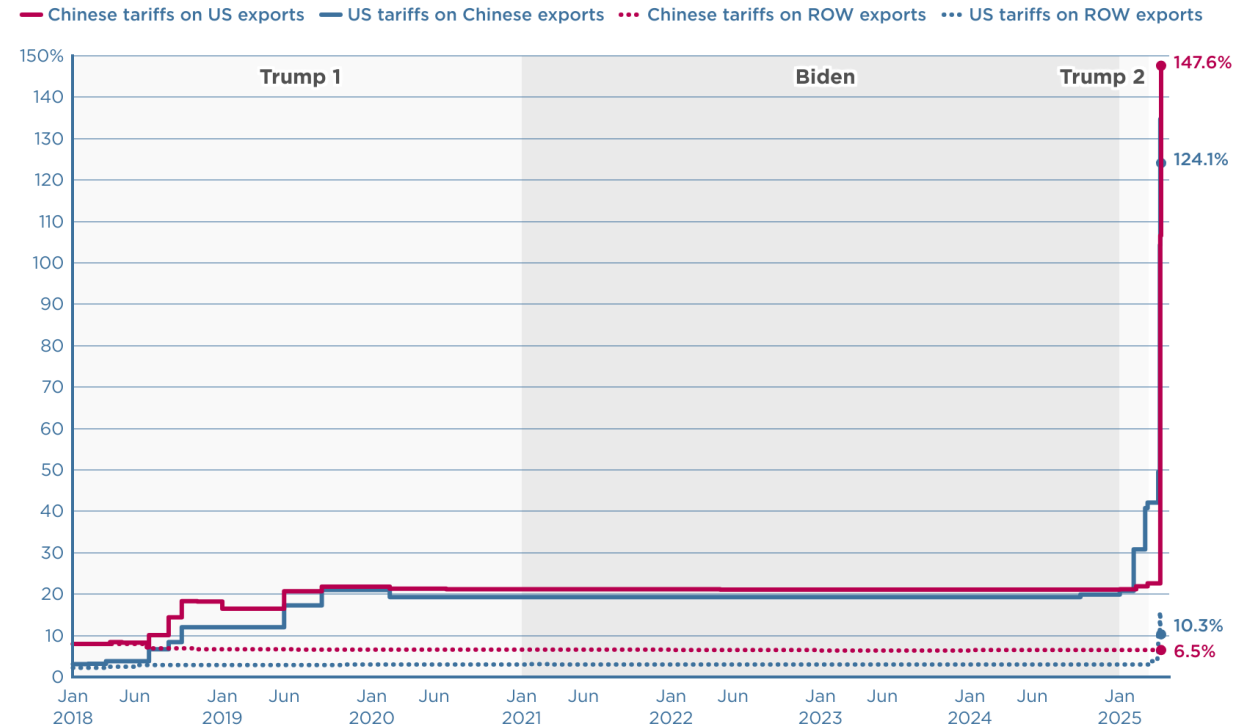
## Chinese average tariffs on US

- Jan 2018: 8%
- Feb 2020: 21%
- Jan 2025: 21%
- April 12, 2025: ≈ 148%

### US-China trade war tariffs: An up-to-date chart

Last updated April 12, 2025

US-China tariff rates toward each other and rest of world (ROW)



Source: Bown (2025)



# Trading partner response thus far

## China

- In addition to tariffs, export restrictions on critical minerals and rare earths, sanctions, company-specific actions (anti-trust)

## Canada

- Tariffs...

## European Union

- Tariff announcement, then pause...

## Mexico

- ...

## World Trade Organization

- ...



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# What to watch out for – trade volumes

## Impact of tariffs on US import volumes?

- Immediate effect will appear bigger due to **front-running** after November 2024 election due to tariff threats
- Expected imports to drop off in March/April 2025 even if there were no tariffs
- Volumes affected by US economic growth; a recession would depress it beyond the direct tariff impact



Source: U.S. Census

# What to watch out for – tax burden

## *What was the pass through of US tariffs under Trump 1.0?*

- Very little cost passed through to foreign suppliers
- Most costs born by US importer / retailer – little passed along to end consumer **directly**
- Exceptions: washing machines, etc.

## *Impact of tariffs on prices this time? This time will be different:*

- New consumer products hit (NB: Trump 1.0 mostly intermediate inputs)
- New countries hit (NB: Trump 1.0 hit mostly China)
- Zero tariff products hit (NB: For many, no U.S. production)
- Supply simply cannot respond to everything everywhere all at once

# What to watch out for – supply chains

## Impact of tariffs on supply chains and their investments

### Last time?

- Eventually, some movement of supply chains out of China – i.e., “China plus one” – to access US market
- Movement of final assembly of production into Vietnam, Mexico, Taiwan (depending on good / sector)

### This time could be different?

- North American auto supply chains (e.g., just in time)
- Other Asian economies may now really being hit with tariffs too? (Watch semiconductors tariffs announcement)
- Choice of new production locations depends on resolution of policy uncertainty, including the rest of the world’s (collective) policy response
- Design of tariffs (larger for countries with large deficits) pushes against efficiency





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