

Where Tariffs Could Hit Hardest - Trade Policy (chart of imported products)

Smaller companies are likely to see more of a negative impact of new tariffs rather than larger companies. The reliance on imported products by small companies throughout various industries has risen over the past few years. It is much more difficult for smaller companies to pass along tariff costs to consumers rather than larger companies because of distribution channels and capital constraints. Smaller companies also don't have the scale and eventually end up absorbing these costs affecting their profitability. The United States continues to be one of the world's largest importers, with a diverse range of products coming from countries including China, Mexico, Canada, Japan, and Germany.

Based on the newly imposed tariffs as of March 2025, several product categories are expected to be significantly affected;

Automobiles and auto parts: The 25% tariff on imports from Canada and Mexico is likely to impact the automotive industry substantially including the major auto manufacturers and smaller suppliers.

Fresh produce: Fruits and vegetables imported from Mexico and Canada will face increased costs.

Electronics: Devices such as phones, computers, and other electronic components from China will be subject to a 20% tariff.

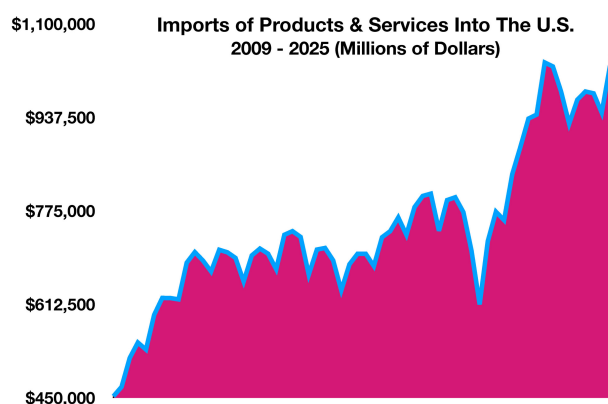
Lumber: Canadian lumber imports will be affected by the 25% tariff, consequently affecting the housing market and home builders.

Energy products: While Canadian energy resources face a lower 10% tariff, they are still impacted.

Agricultural products: Consequently, U.S. exports of chicken, wheat, corn, cotton, soybeans, and pork to China will face retaliatory tariffs.

The amount of the actual tariffs may differ from what the White House has announced as of the beginning of March. Final implementation of targeted countries and products may also change as the administration negotiates with the country's trade partners.

Sources: U.S. Bureau of Economic Analysis, Imports of goods and services [IEAMGSN], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series>



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