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Tariffs

What is a tariff: **Tariffs are taxes imposed on imported goods**

Key reasons for implementing tariffs include:

- **Protecting Domestic Industries:** By raising the cost of imported goods, tariffs make domestic alternatives more attractive, aiming to safeguard local jobs and manufacturing.
- **Trade Negotiation Leverage:** Governments use tariffs to pressure foreign nations to reduce their own trade barriers or change policies, particularly regarding unfair trade practices, illegal immigration, or foreign policy goals
- **Reducing Trade Deficits:** Tariffs aim to correct imbalances where the U.S. buys more from other countries than it sells, promoting a more favorable balance of trade.
- **Generating Revenue:** While not the primary focus for developed nations today, tariffs provide direct tax revenue to the government.

- **National Security:** They are used to protect critical industries, such as defense, to ensure the country is not reliant on foreign supplies for essential goods.

History:

1934- 2016 Generally, the US tariffs were quite low. Under, 10%.

1994 The North American Free Trade Agreement (NAFTA Clinton) was a 1994 pact between the U.S., Canada, and Mexico that eliminated most tariffs and trade barriers to create one of the world's largest free-trade zones. It aimed to boost economic growth and investment, significantly increasing regional trade while also drawing criticism over job losses and labor concerns, ultimately replaced by the USMCA in 2020.

Trump called NAFTA the worst trade deal ever made and said that it contributed to job loss and outsourcing. While it was not the worst trade deal ever made, there were problems with it. Jobs left the US and went to Mexico, for example.

Replacement:

NAFTA was officially replaced on July 1, 2020, by the United States-Mexico-Canada Agreement (USMCA), which modified many of the original provisions.

The new agreement strengthened regional supply chains, improved labor standards in Mexico and greater access to Canadian dairy markets.

TRUMP 1st term:

During his first term (2017-2021), President Trump implemented a protectionist trade policy, utilizing tariffs to renegotiate trade deals and penalize trading partners, particularly China.

- Multiple rounds of tariffs were placed on roughly \$250 billion worth of Chinese imports, covering products like electronics, machinery, and consumer goods.

- March 2018, 25% tariffs on steel and 10% on aluminum were imposed on most countries, including allies like Canada and the EU, citing national security.

- **Specific Goods:** Tariffs of 30-50% were placed on imported solar panels and washing machines in January 2018.

So during his first term, Trump did increase and use tariffs but not to the extent of term #2.

Trump 2nd term:

Trump used tariffs in a much broader way. He stated that the US has been treated unfairly by other countries, including our closest allies, and that it has cost the US Trillions of dollars. During his second term, he will “right the many wrongs”

Video #1

He declared that APRIL 2, 2025 WOULD BE LIBERATION DAY!

What Goals Were Claimed?

- **Boost U.S. manufacturing and create jobs**
- **Shrink the U.S. trade deficit**
- **Force foreign countries to “pay for” the tariffs (not U.S. consumers)**

- **Lower prices for American consumers**
- **Raise revenue that could help the federal budget**

By April, 2025, he changed the average effective tariff rate from 2.5% to 27%, the highest in a century.

-10% tariffs on all imports

-with 25% on China, Mexico and Canada.

-By early 2026, tariffs on metals reached 50%

Since then, Trump has used special emergency authority to impose a huge range of tariffs, in part to force countries to comply with his demands in other areas.

Trump threatened the European Union with additional tariffs to force concessions on Greenland.

India was hit with [a 50 percent tariff](#) over Russian oil imports

[Brazil faced the same](#) over Trump's sympathy for its imprisoned former president.

Canada was threatened repeatedly with more tariffs, ...

- 25% tariff on a broad range of Canadian imports
- 25% tariff on all steel, aluminum, with a plan to increase that to 50% by June, 2025
- 10% tariff on energy resources, and critical metals
- 35% tariff on Lumber

CHINA:

There has been a continuing spike of tariffs and then reducing as China strikes back. At one time there was a 145% tariff on many Chinese goods.

Supreme court ruling:

Then, on Feb 20 of this year, the Supreme Court ruled that Trump exceeded his emergency authorities by imposing tariffs not authorized by Congress.

Supreme Court ruled that they are not legal so Trump retaliated by imposing new higher tariff rates from 10% to 15%. He did this by using some other emergency presidential power.

He has imposed new tariffs on pharmaceuticals of up to 100% to try to force companies to produce in the US

Since Liberation Day, the president has dialed back the tariffs somewhat. Still, the average effective tariff now stands at roughly 12 percent—about five times what it was before Trump’s second term.

1 year Results for US citizens: What is Trump’s evaluation? Video

Regarding the stated goals:

Goal: Raise money and have other countries pay for it:

The government collected over \$260 billion in duties in 2025, but foreign direct investment actually fell.

It is estimated that over 90% of that has been paid by US companies. Slowly, the companies are passing that directly to us, the consumers.

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Trump has talked about passing some of the money back...like it is a gift...except it is our own money

-Because the Supreme Court decided that the Trump Tariffs were not legal, there are now multiple law suits by companies who want their money back.

Ford, alone, is hoping to get over \$1 Billion back in the next few months. This whole mess could take years to figure out.

He used the threat of high tariffs to negotiate deals with other countries. On April 2, 2025, Trump's [message](#) to U.S. trading partners was clear: "You build your product right here in America. Because there is no tariff if you build your plant, your product in America." In his Liberation Day speech, Trump declared his tariffs would bring in an estimated \$6 trillion in investment. While numerous investment announcements have been made over the last year, there are just as many doubts that those commitments will expand beyond words on paper.

To date, eleven of the nineteen trading partners that made deals in exchange for tariff reductions made commitments to invest in strategic U.S. industries, including critical minerals, energy, pharmaceuticals, and semiconductors. [Japan](#) and [South Korea](#) not only agreed to invest \$550 billion and \$350 billion, respectively, they also signed separate memoranda of understanding stipulating that a failure to fulfill investment commitments could result in a reimposition of higher tariffs.

Goal: reduce prices and cost of living for American people

Fed Chair Jerome Powell recently said that tariffs were adding between half a percent and three quarters of a percent to the inflation rate.

Cost of nearly everything is up : food, supplies, metals , carsEstimates are that it has cost over \$1,000 more per family this year for the same supplies that they got the year before.

-food prices are up 2.8%, fresh fruit is up 4%

Sugar and sweets prices rose 5.7 percent year-on-year through January 2026, with a further 6.7 percent increase projected for the year ahead.

Some economists think that the total effect of the tariffs will not be realized for another year with the average increased cost per family of over \$1,500.

Goal: Shrink the trade deficit:

US Exports are way down because of retaliatory tariffs from other countries:

U.S. soybean exports to China fell 78 percent through August 2025,

Corn exports collapsed by 99 percent

Brazilian coffee imports now face a 50 percent U.S. tariff.

China purchased no U.S. wheat, corn, or sorghum in 2025; during the first half of that year, U.S. agricultural exports to China [fell 54 percent](#), representing a \$7.4 billion loss.

The [USDA projected](#) that the full-year figure for U.S. agricultural exports would decline to \$17 billion by the end of 2025, and it is expected to drop to \$9 billion by the end of 2026.

Still, the US has reduced its trade deficits with leading partners by 23%, the lowest since 2021.

Goal: Boost US manufacturing and raise jobs.

Despite the administration's goal to boost manufacturing, U.S. factories employed 89,000 fewer people by Feb 2026 than when the sweeping tariffs began, reports.

Total construction spending on manufacturing has [declined](#) steadily from \$230.9 billion in January 2025 to \$196.2 billion in January 2026.

Total capital expenditures had increased every quarter since Q2 2020, but [dropped](#) by 1.7 percent in Q2 2025.

Furthermore, surveys show that U.S. companies are reluctant to reshore operations to the United States. In a [survey](#) of three hundred senior U.S. business executives conducted in September 2025, consulting firm KPMG found that 63 percent were considering reshoring due to the current trade environment, but only 10 percent were taking action.

The firm's [2026 survey](#) found that companies actively planning or engaging in reshoring operations jumped to 26 percent, but a majority indicated this would take at least one to three years. Another November 2025 survey found that 64 percent of U.S. business respondents said they had no plans to reshore their operations.

GLOBALY: What has happened?

Effect of our status with other countries. They no longer trust us.

Global trade is now more uncertain and more expensive.

Supply chains are now shifting Alliances are being tested

Other countries have made new alliances outside of the US. They feel that they can no longer rely on the US to be a reliable partner.

Canada and Europe

India and Europe

Canada and Mexico

Result: The global economy has not been reset, it has been rewired!

Countries have now made new deals with each other.

Brazil now supplies more than 90 percent of China's soybean imports, and Argentina has expanded its share as well.

As in other sectors, Liberation Day has accelerated China's diversification away from U.S. supply chains.

The relationship with China is crumbling. US imports from China fell 30%

India has made new agreements with the European Union.

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Brazil has gained a near-monopoly on soybean exports to China and supplies one-third of U.S. coffee imports.

Trump tariffs have had a dramatic effect on a multitude of other things as well

As a retaliation, China has refused to send some things that the US needs.

-70% of rare earth imports come from China and China controls over 90% of global refining for rare earth magnets.

These are critical components for warplanes, drones, missiles. Magnets are critical in automotive Electric vehicles. They are also used in wind turbine generators.

As Trump pressures China with high tariffs, China has intensified export restrictions on rare earth technology and materials.

Canada has put a limit on their exports to the US Lumber, aluminum

In short: other countries have fought back from positions of their own strengths. As Trump continues to threaten with tariffs, other countries continue to strike back.

Winners and Losers from the Trump

Winners US closest allies.

Canada: Mark Carney, Canada's Prime Minister has taken many steps to protect Canadian interests. He has pulled Canada much closer to Europe as both sides struggle with Trump. Canadian nationalism appears to be at an all time high. The nation has, in mass, dramatically reduced travel to the US and take pride in not having very many US products on their store shelves.

Mexican President Claudia Sheinbaum Pardo has also taken strong steps to combat Trump and unite her country.

England and the rest of Europe also have banded together . The recent visit of King Charles certainly showed a sign that they will not be pushed around by Trump.

Billionaires are thriving under Trump. Not sure why or if it is tariff driven but it sucks not being a billionaire at this time.

Countries around the world are working hard to make sure that they are not overly dependent on the USA. Trade deals are going on, "like the world has never seen before" except many are happening and leaving the USA out.

Trump has always been a "might is right" type of guy. He tries to bully others into his position. He threatens and then

re-threatens and then backs down some. This works when you “Hold all of the cards.”

Trump apparently did not take into account that other countries have things that we NEED. Other countries have made it clear that he does not hold all the cards.

So, after a long time of being extremely demanding and insulting to much of the world, including our closest allies, Trump seems actually surprised that they are not fully endorsing and supporting his unjust war with Iran.

Who are the losers from these tariff policies?

Many smaller countries are in peril with their economies and also regarding food distribution...that could be a whole other paper.

The 11 countries that were forced into huge financial deals with the US may not be able to carry through with their commitments to the US. It is unclear where that will all land.

Biggest Loser: The USA. Prices are up, inflation is up and our stability and position in the world has plummeted.

In my view, the Trump tariffs have cost the USA a lot in terms of money, world opinion and world influence. This can not

just be wiped clean with a change in presidents as the world has now re-aligned...in many ways. without us.

It certainly is possible that I am missing key points on the good side, of the tariffs for Americans, but from what I have been reading, I have not found many.

You can only treat people and countries like a “little brother” for so long, eventually it will come back to bite you...and we are being bitten!