

Trump imposes 10 percent universal tariff, higher for top trade partners

“Chronic trade deficits ... are a national emergency,” Trump declared in the Rose Garden.

By Doug Palmer and Daniel Desrochers
POLITICO

President Donald Trump announced Wednesday that he will impose a baseline 10 percent tariff on imports from all countries in the coming days, with a higher tariff on dozens of other countries the United States believes have the most unfair trade relationships with the U.S.

“For decades, our country has been looted, pillaged, raped and plundered by nations near and far, both friend and foe alike,” Trump said at White House Rose Garden event with most of his Cabinet in attendance. “But it’s not going to happen anymore.”

The tariffs that Trump detailed Wednesday mark the most significant U.S. protectionist trade action since the 1930s, when Congress imposed tariffs on more than 20,000 goods and dug the U.S. economy deeper into the Great Depression. With the action, Trump is betting that higher tariffs will entice manufacturers to produce more in the United States — and hoping that American voters will agree that the potential long-term benefits of increased production outweighs any short-term pain caused by higher prices.

“For years, hard working American citizens were forced to sit on the sidelines as other nations got rich and powerful, much of it at our expense,” Trump said. “But now it’s our turn to prosper, and in so doing, use trillions and trillions of dollars to reduce our taxes and pay down our national debt, and it’ll all happen very quickly.”

The announcement, on what the White House has dubbed “Liberation Day,” ends weeks of tariff uncertainty that have roiled financial markets, alarmed consumers and sent foreign diplomats scurrying to Washington to try and negotiate reprieves.

The new duties include a 34 percent tariff on China, 26 percent on India, 25 percent on South Korea, 24 percent on Japan and 20 percent on the 27-nation European Union, whose largest members are Germany and France.

The administration also slapped a 46 percent tariff on Vietnam and a 49 percent tariff on Cambodia — [a blow](#) to China, which has shipped goods through those and other countries to effectively skirt previous rounds of U.S. tariffs imposed over the past seven years.

That comes on top of a second executive order Trump signed Wednesday eliminating the “de minimis loophole” for small-dollar packages worth under \$800 from China and Taiwan, starting on May 2. The loophole has been used by Chinese companies like SHEIN and Temu to deliver billions in goods to the U.S.

The Trump administration said the rate set for each country reflects a combination of the tariff and “non-tariff” or regulatory barriers that U.S. exporters face in those markets, which they then cut in half to arrive at the final figure. Around 85 countries received a duty rate of more than 10 percent, but that figure includes the 27 nations in the EU.

In many cases, the foreign non-tariff barriers — which include regulations like food, safety and environmental standards — are worse than the tariffs that countries impose, White House officials said in a briefing with reporters before the announcement. They were granted anonymity as part of the ground rules for the briefing.

The United States runs a trade deficit with most, if not all, of the countries it hit with an individualized tariff rate. In contrast, it runs a trade surplus with the United Kingdom, which the Trump administration just hit with the base line rate of 10 percent.

Senior White House officials said the 10 percent tariff will take effect for all countries early the morning of April 5, rising to the higher tariff levels on April 9 for the worst offenders.

Trump declared a national emergency under the International Emergency Economic Powers Act to impose the tariffs. That 1977 law gives the president broad authority to regulate imports. He is the only president to use the law to justify raising tariffs, and could draw legal challenges.

White House officials argued Wednesday that the large and persistent U.S. trade deficit, which hit a record \$1.2 trillion last year, constitutes a national emergency that is destroying the United States’ manufacturing capability and its defense industrial base.

The new “reciprocal” tariffs will not be stacked on top of separate sectoral tariffs that Trump has already announced for autos, steel and aluminum and that are expected for lumber, copper, pharmaceuticals, semiconductors and potentially critical minerals, the officials said.

The United States also will not impose reciprocal tariffs on Canada and Mexico at this point, although that could change in the future.

White House officials said Canada and Mexico are currently exempted because both countries are subject to 25 percent tariffs that Trump imposed — then largely suspended — last month to pressure them to do more to stop fentanyl from entering the United States.

White House officials said the suspension of the duties for goods that meet the rules-of-origin of the U.S.-Mexico-Canada Agreement will continue for now.

If he sticks with the tariffs laid out Wednesday, Trump will upend an almost 80-year-old international trade system that President Harry Truman and other U.S. leaders helped build in the aftermath of World War II.

Trump and his top advisers complain, however, that the current system has benefited the rest of the world at the expense of the United States. Despite profound skepticism from mainstream economists, they argue building a tariff wall around the world's largest economy will ensure domestic manufacturers get the biggest share of the U.S. market.

Trump and his top advisers have also promised the revenue from his new tariffs will help pay for the massive tax cut Republicans want to push through Congress this year.

The duties, Trump said Wednesday, will force "foreign countries to pay for the privilege of access to our market," repeating a falsehood he's often used to argue for higher duties. In fact, tariffs are a tax paid by companies on the goods they import from other countries, although some importers may pressure their foreign suppliers to share some of the cost of the higher tariffs by reducing their sales price.

Still, economists warn that the tariffs are almost certain to drive up prices for everyday goods imported from abroad — from fruits, vegetables and other food products to clothing, toys, cell phones, laptops, sporting equipment and countless other consumer products. The tariffs also will hit machinery and other manufactured goods, along with the raw materials and parts used to make things like cars and build houses in the United States.

That prospect is stressing Republicans on Capitol Hill and providing an opening for Democrats to rebrand Trump's "Liberation Day" celebration.

House Minority Leader Hakeem Jeffries slammed Trump's anticipated tariff announcement Wednesday morning, saying the duties will make things more costly and potentially drive the country into a recession.

"Republicans are crashing the American economy in real time," Jeffries told reporters at a press conference at the Capitol. "This is not Liberation Day, this is Recession Day in America. That's what the Trump tariffs are going to do."

Some Republicans also criticized Trump's use of tariffs during a Senate debate Wednesday over duties he has imposed on Canada.

Sen. Rand Paul (R-Ky.), who is among the most vocal opponents of tariffs in the Senate, said he believed tariffs were not only bad economically, but that they were bad politics, arguing that the Smoot-Hawley Tariff Act of 1930 cost Republicans control of Congress for more than 60 years.

“I would argue that tariffs, particularly if it leads to a recession, are devastating politically,” Paul told reporters at the Capitol.

The White House has been dismissive of claims that the tariffs would tank the economy. On Wednesday morning, it appeared to try and get out in front of the criticism – issuing a release claiming that Trump’s first term proved that tariffs work. Those 2018 and 2019 duties, however, were focused primarily on China and specific industries like steel and aluminum, as opposed to the widespread, global tariffs Trump unveiled Wednesday.

During his two months in office, Trump has already imposed new tariffs on Canada, Mexico and China — the three largest U.S. trading partners — to pressure those countries to do more to stop fentanyl and undocumented migrants from entering the United States.

Trump also beefed up the steel and aluminum tariffs that he imposed in 2018 and plans to impose a new 25 percent tariff on autos and auto parts beginning Thursday.

While those tariffs would benefit domestic manufacturers, they will raise costs for other industries and, like the broader tariff, will expose U.S. farmers and other exporters to retaliation.

“By reversing more than 75 years of U.S. trade policy, we are now even further in uncharted territory,” said Tim Brightbill, a trade attorney at the law firm Wiley Rein.

“This administration believes that these trade actions are the way to rebuild and expand America’s manufacturing economy or, at the very least, get a better deal from China and many other countries whose tariffs and trade barriers have been much higher than ours for so long.”

“It’s a risky strategy given the strength of the US economy, and now we have to see how the rest of the world will react,” Brightbill said.