

Trump set to hike U.S. import taxes

President Donald Trump plans to unveil reciprocal tariffs on countries that put duties on U.S. imports, in what he is calling “Liberation Day”

HOW TARIFFS WORK

■ Tariffs are taxes charged on goods imported from other countries

■ Most are set as percentage of product's value. For example, 25% tariff on \$10 product would mean additional \$2.50 charge

■ Companies bringing in foreign goods must pay tax to government. Firms may choose to pass on some or all of cost to customers



TRUMP'S VISION

■ He argues taxes will encourage U.S. consumers to buy more domestically-made goods – boosting national economy

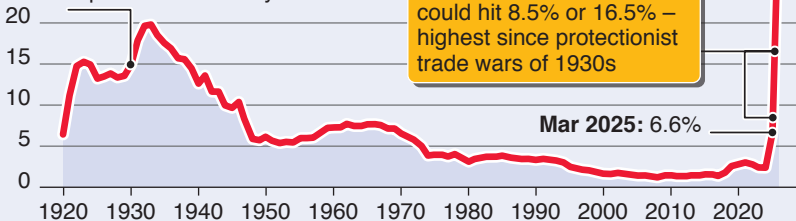
■ U.S. companies will be incentivised to move manufacturing from abroad to American shores

■ Tariffs will reduce trade deficits – gap between value of goods imported by U.S. and those it exports to other countries

U.S. average tariff rate on imports

Since 1920 (%)

30 — **1930:** U.S. Smoot-Hawley Act. Global trade falls as countries implement retaliatory tariffs



2025: Trump's reciprocal tariffs raise rate to 35% (maximal scenario)

In other scenarios, rate could hit 8.5% or 16.5% – highest since protectionist trade wars of 1930s

Note: Mar 2025 figure includes tariffs on China, aluminium, steel and non-USMCA-compliant Mexico and Canada. Maximal reciprocal tariff estimate includes non-trade barriers, VAT and other grievances