

Tariffs in 2025: Short-Run Impacts on the U.S. Economy

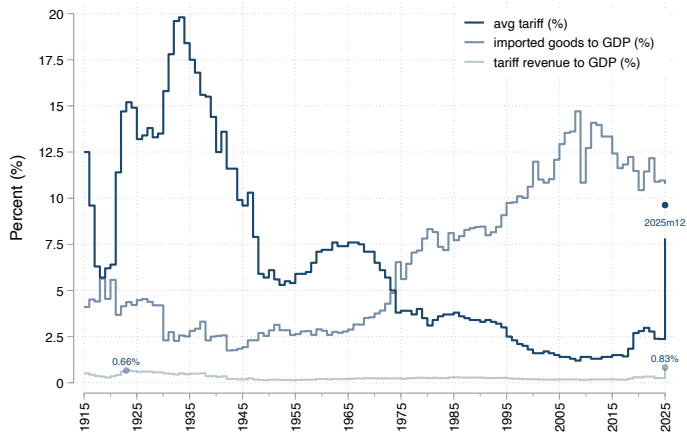
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The 2025 Tariff Shock



- applied tariff: 9.6%
(12.5% 2024 wgt)
- highest share of GDP tariffed in 100+ years
- This paper:
 1. structure of 2025 tariff changes
 2. impacts on trade and welfare
 3. assess rationales for the tariffs

Main Findings

- **Unprecedented tariff hike, but:**
 - applied rates lower than statutory rates
 - 57% of imports were duty-free in 25m12
 - muted retaliations (except China)
 - Δ tariffs $\approx 10\%$ on $\approx 10\%$ imports/gdp
 - tariffs reflect goods deficits, not strategic/geopolitical objectives

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- **Impacts:**
 - estimate 90% tariff pass-through
 - welfare in static trade model:
 - $+0.10\%$ to -0.13% GDP, depends on ToT adj
 - MVPF: [0.88,1.08]
 - ...but large transfers from importers to producers

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- ...but large transfers from importers to producers

- **Rationales:**

- ✓ {
 1. raised revenue
(\$264bil, 4.9% of receipts)
 2. decoupled from China
(23% 2017 imp share to 7% 2025)

- x ? {
 3. lower before-tariff prices
 4. lower goods trade deficit
 5. increase mfg employment
 6. friend-shoring, hurting geopolitical rivals
 7. improve market access for U.S. exports

Targeted Imports in 2025

U.S. Imports and Tariffs: Regions							
Regions	Imports \$bn	Fraction Tariffed (%)		Avg Tariff on Tariffed (%)		Avg Tariff (%)	
	2024	2024	2025m12	2024	2025m12	2024	2025m12
China	441	65.0	95.1	16.3	33.3	10.6	31.7
Canada and Mexico	897	15.6	15.5	1.2	25.3	0.2	3.9
East Asia and Pacific	780	27.9	45.2	6.0	20.4	1.7	9.2
Europe and Central Asia	729	34.3	55.0	3.6	16.5	1.2	9.1
Latin America and Caribbean	160	27.1	42.3	2.4	16.8	0.7	7.1
South Asia	108	48.1	52.0	8.1	42.4	3.9	22.0
Middle East and North Africa	69	45.4	35.3	1.5	18.1	0.7	6.4
Sub-Saharan Africa	31	21.0	19.8	1.4	23.5	0.3	4.7
All Countries	3,214	32.0	42.6	7.4	22.6	2.4	9.6

Targeted Imports in 2025

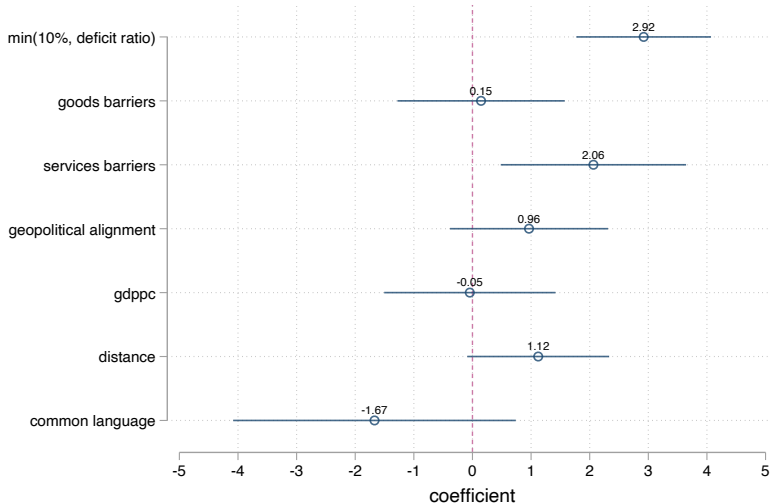
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China	441	65.0	95.1	16.3	33.3	10.6	31.7
NATO	954	33.5	40.2	2.7	17.6	0.9	7.1
Defense Treaty/Treaty-Like	349	15.9	31.6	4.6	18.9	0.7	6.0
Quad	255	45.5	62.5	3.8	24.2	1.7	15.1
Newly Desig. Major Non-Nato Ally	23	48.9	41.2	0.5	11.0	0.2	4.5
Rest Of World	1,193	20.0	35.5	5.8	22.7	1.2	8.1
All Countries	3,214	32.0	42.6	7.4	22.6	2.4	9.6

Targeted Imports in 2025

U.S. Imports and Tariffs: Sectors							
Sectors	Imports \$bn	Fraction Tariffed (%)		Avg Tariff on Tariffed (%)		Avg Tariff (%)	
	2024	2024	2025m12	2024	2025m12	2024	2025m12
Agriculture	241	22.5	47.2	6.5	16.4	1.5	7.7
Minerals & Energy	252	70.8	1.3	0.2	1.5	0.1	0.0
Chemicals & Plastics	495	20.9	33.3	7.7	19.1	1.6	6.4
Apparel, Textiles & Footwear	169	79.1	90.1	14.9	31.1	11.8	28.1
Metals	169	36.7	62.3	11.3	38.9	4.1	24.2
Machinery & Electronics	1,005	22.6	33.5	8.7	22.3	2.0	7.5
Transport Equipment	437	39.3	67.1	4.6	19.1	1.8	12.8
Furniture & Misc. Mfg	447	21.6	53.5	10.1	20.4	2.2	10.9
All Products	3,214	32.0	42.6	7.4	22.6	2.4	9.6

Applied Tariff Levels by December 2025

country-level tariffs correlate with goods deficit and service export barriers



Import Responses: Event Study

[▸ Exports](#)

$$y_{ig,t+h} - y_{ig,t-1} = \alpha_{gt} + \alpha_i + \beta_h \Delta D_{igt} + \epsilon_{igt} \quad \text{Dube et al 23}$$

Import Responses: Event Study

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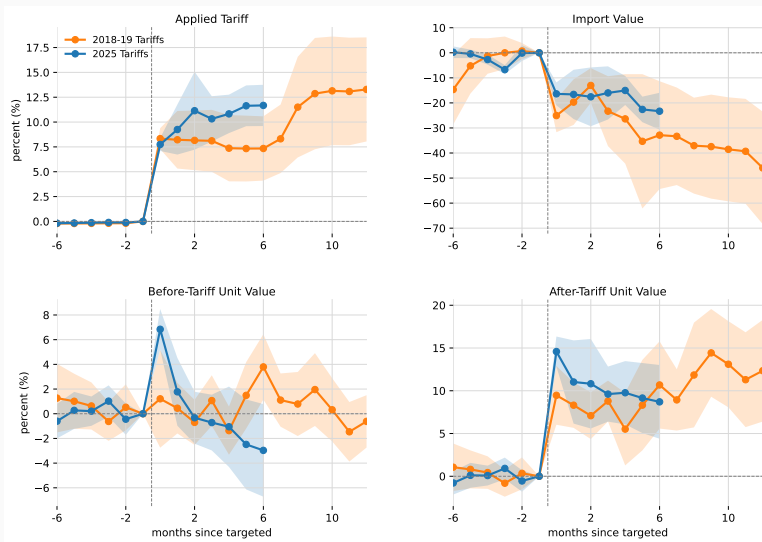
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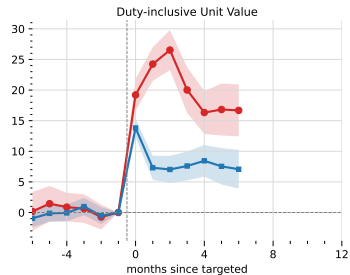
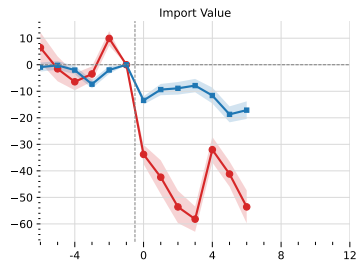
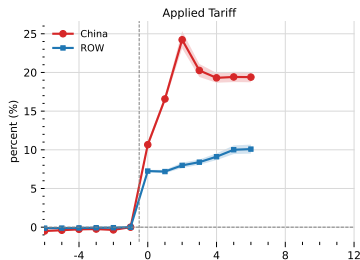
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Import Responses

Baseline pass-through: 90%, consistent with Amiti, Weinstein & et al 19, 20, 26

$$\Delta \ln y_{igt} = \alpha_{gt} + \alpha_i + \beta \Delta \ln(1 + \tau_{igt}) + \epsilon_{igt}$$
 i: origin, g: hs10, t: month

	(1)	(2)	(3)	(4)	(5)
	$\Delta \ln(1 + \tau_{igt})$	$\Delta \ln p_{igt}^* m_{igt}$	$\Delta \ln m_{igt}$	$\Delta \ln p_{igt}^*$	$\Delta \ln p_{igt}$
$\Delta \ln(1 + \tau_{igt}^{stat})$	0.42*** (0.06)				
$\Delta \ln(1 + \tau_{igt})$		-1.81*** (0.50)	-1.71*** (0.54)	-0.10* (0.06)	0.90*** (0.06)
Fixed Effects	gt+i	gt+i	gt+i	gt+i	gt+i
1st-Stage F		52.4	52.4	52.4	52.4
R2	0.16	0.00	0.00	.	0.00
N	1,192,687	1,192,687	1,192,687	1,192,687	1,192,687

applied tariff instrumented by stat. rate, quarterly horizon, 2024q1-2025q4

Aggregate Welfare Impacts

$$\hat{U} = \underbrace{\sum_{g \in \mathcal{G}} \left(\frac{EXP_g}{X} \right) \left(\frac{\Delta p_{US,g}^*}{p_{US,g}^*} \right) - \sum_{g \in \mathcal{G}} \sum_{i \in \mathcal{I}} \left(\frac{IMP_{ig}}{X} \right) \left(\frac{\Delta p_{i,g}^*}{p_{i,g}^*} \right)}_{\text{Terms of Trade}} + \underbrace{\sum_{g \in \mathcal{G}} \sum_{i \in \mathcal{I}} \left(\frac{R_{ig}}{X} \right) \left(\frac{\Delta m_{i,g}}{m_{i,g}} \right)}_{\text{Distortions}}$$

- **Costs:**

- higher import prices
- distorts consumption & production choices

- **Potential benefit:** terms-of-trade

- foreigners may cut prices
- domestic goods prices rise
- if ToT gains > distortions $\Rightarrow$ welfare rises

- **GE Framework** ► model

- nested CES
- ToT at sector level (fixed capital)
- I/O links, retaliations, revenue rebates
- baseline: immobile labor across sectors

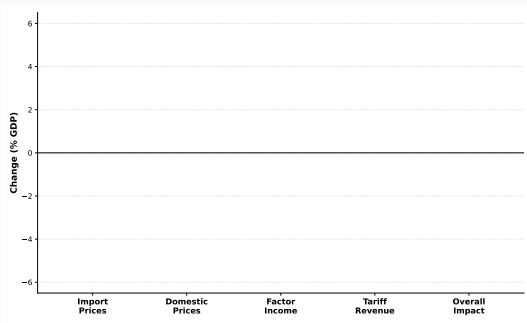
- **Estimation/Calibration:** ► parameters

- calibrate to 2024 economy
- S/D params estimated from 2025 tariffs

- **Simulations:**

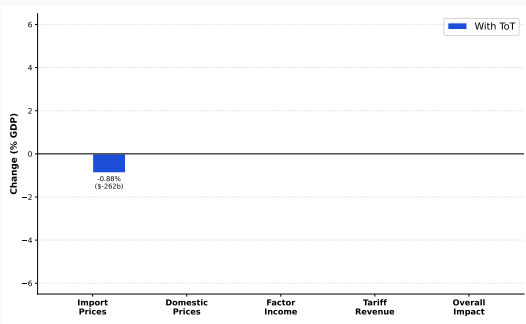
- with and without ToT ► test

Short-Run Impacts: Welfare



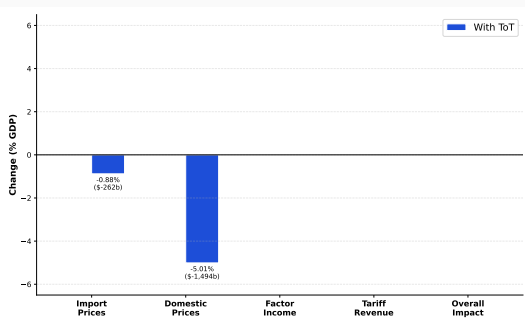
- simulate tariffs w & wout terms-of-trade (ToT)

Short-Run Impacts: Welfare



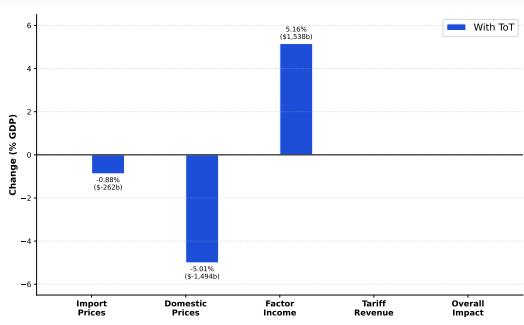
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- import prices rise (high pass-through)

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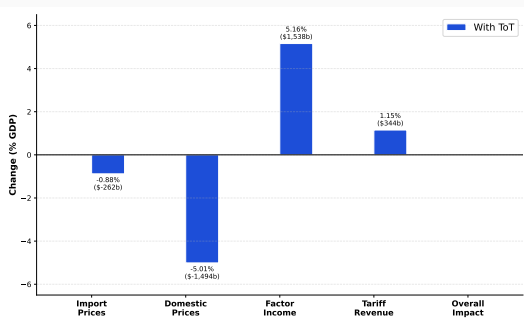
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 - ▲ demand for Tr & NTr (reallocation, tf rev)
 - ▲ producer prices (wages, imported costs)

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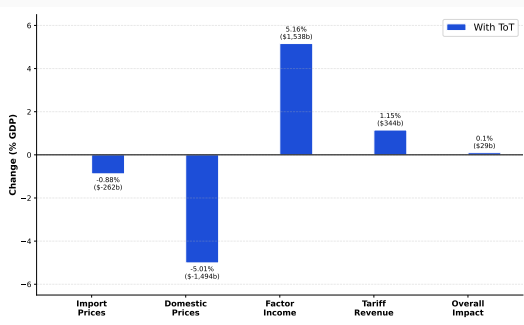
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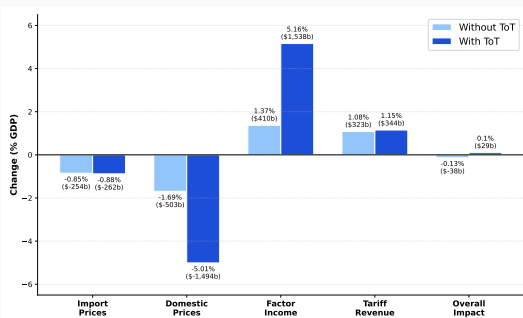
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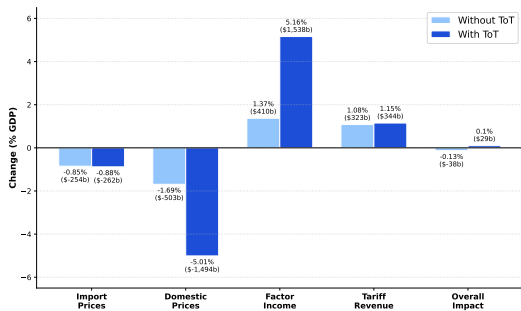
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- ⇒ overall net real income gain 0.10% GDP

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- ⇒ wout ToT adjustments, net loss of 0.13% GDP
- ⇒ MVPF: [0.88,1.08] (compare to 2017 TCJA $\approx$ 1.47)

Short-Run Impacts: Welfare



model lacks many forces, e.g.:

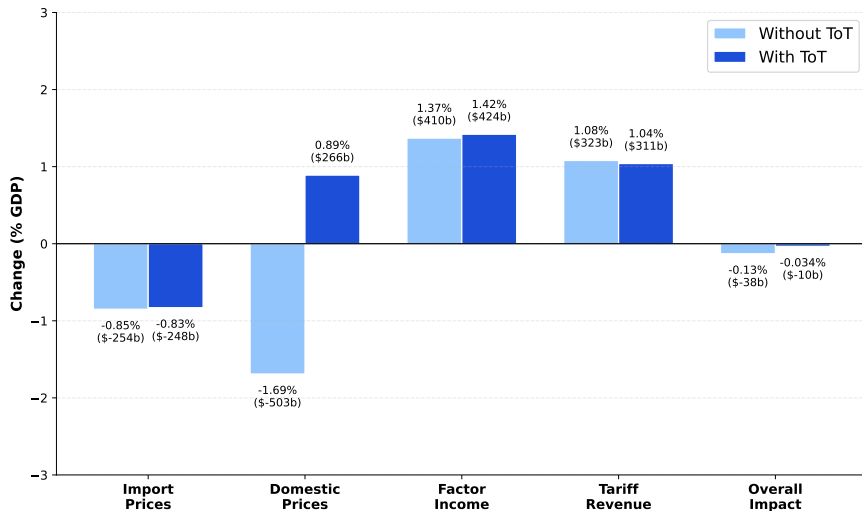
- uncertainty
- capital adjustment
- increasing returns
- market power
- retail/distribution margins
- rent-seeking

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Welfare Impact under Full Retaliation

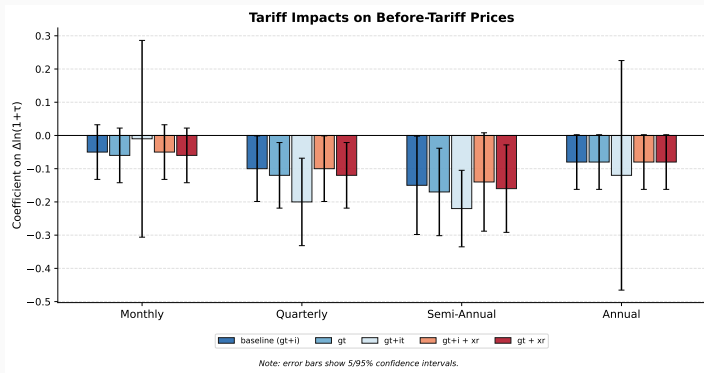
Net welfare effect: -0.13% GDP without ToT; -0.34% GDP with ToT

► Alt Scenarios



Rationales for 2025 Tariffs

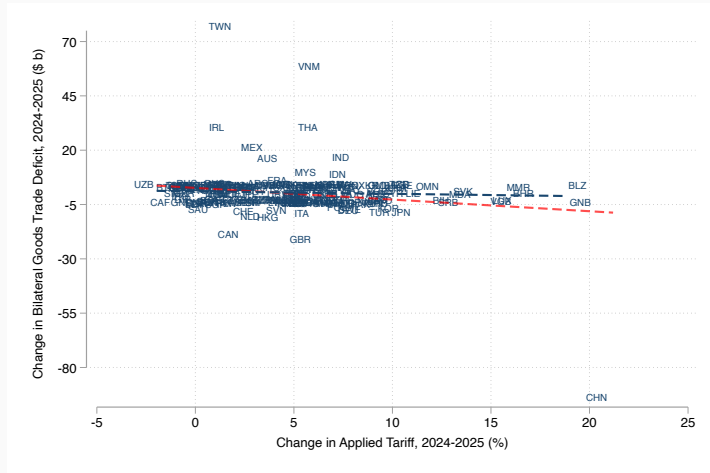
1. lower before-tariff prices
2. reduce trade deficits
3. raise govt revenue
4. promote mfg
5. decouple from China
6. geopolitical alignment
7. reshore strategic sectors
8. improve market access



- 85–100% pass-through, depending on horizon/spec

Rationales for 2025 Tariffs

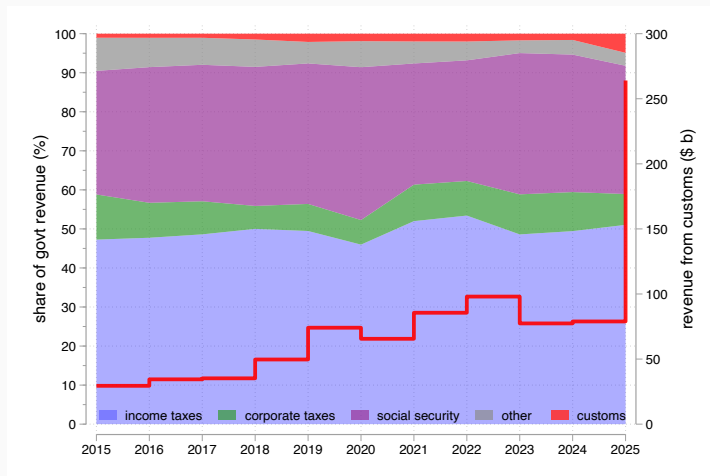
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- goods deficit increased 2.2% in 2025

Rationales for 2025 Tariffs

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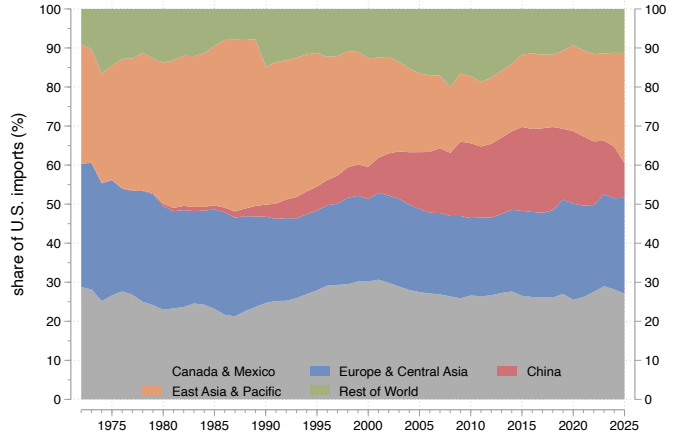
- 2025 customs revenue: \$264bil
- up 3.3×, 4.9% of federal receipts

Rationales for 2025 Tariffs

1. lower before-tariff prices
2. reduce trade deficits
 - model predicts nominal wage gains to mfg counties
 - but *ex post* studies of 2018-19 tariffs find zero/negative impact
 - higher prices will hurt consumers
3. raise govt revenue
4. **promote mfg**
5. decouple from China
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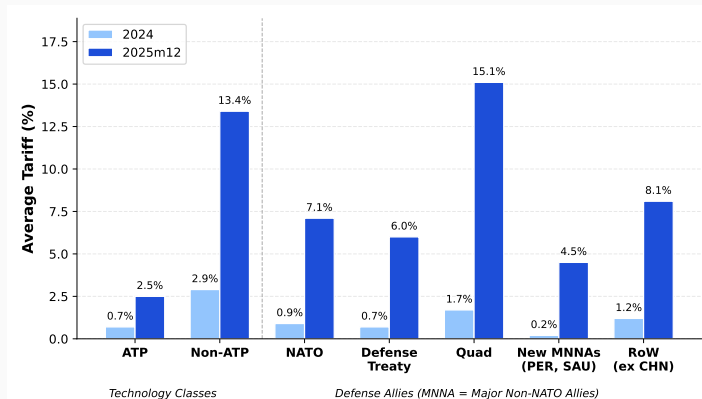
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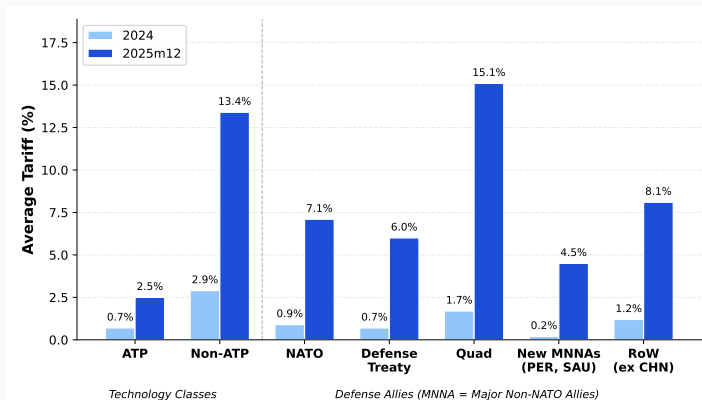
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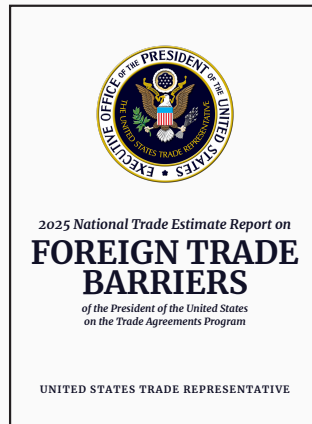
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7. reshore strategic sectors
8. **improve market access**



- 6 signed deals: KHM, MYS, ARG, SLV, GTM, TWN
- 13 agreements: GBR, IDN, JPN, EU, VNM, THA, KOR, ECU, CHE, LIE, IND, BGD, MKD

thank you!

Preferences (Cobb-Douglas over sectors):

$$U = \beta_{NT} \ln C_{NT} + \sum_s \beta_s \ln C_s$$

Expenditure:

$$X = \underbrace{wL + \sum_s \Pi_s}_{\text{GDP}} + TR + D$$

3-tier CES import demand:

$$m_{ig} = a_{ig} \frac{E_s}{P_s} \left(\frac{P_{Ms}}{P_s} \right)^{-\kappa} \left(\frac{p_{Mg}}{P_{Ms}} \right)^{-\eta} \left(\frac{p_{ig}}{p_{Mg}} \right)^{-\sigma}$$

Production (DRS, fixed capital):

$$Q_s = Z_s L_s^{\alpha_{Ls}} \prod_{s'} I_{ss'}^{\alpha_{ss'}}$$

Tariff-inclusive prices:

$$p_{ig} = (1 + \tau_{ig}) p_{ig}^*$$

Welfare decomposition:

$$\hat{U} = \underbrace{\sum_g \frac{EXP_g}{X} \hat{p}_{US,g}^* - \sum_{ig} \frac{IMP_{ig}}{X} \hat{p}_{ig}^*}_{\text{terms of trade}} + \underbrace{\sum_{ig} \frac{R_{ig}}{X} \hat{m}_{ig}}_{\text{distortions}}$$

- Imports and exports of product $\mathbf{g}$ from origin $\mathbf{i}$

$$m_{igt} = m_{gt} a_{igt} \left((1 + \tau_{igt}) p_{igt}^* \right)^{-\sigma}$$

$$p_{igt}^* = z_{igt}^* m_{igt}^{\omega^*}$$

- Estimating equations

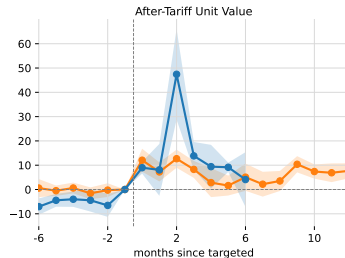
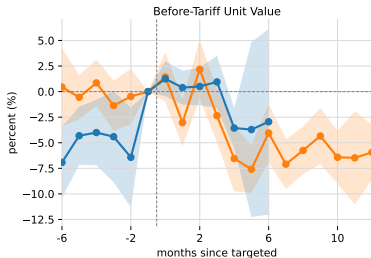
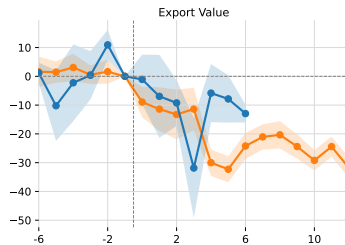
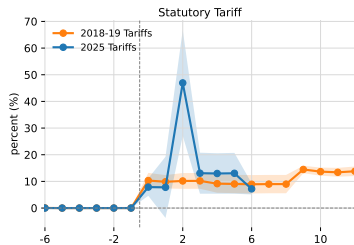
$$\Delta \ln m_{igt} = \alpha_{gt} + \alpha_i - \sigma \Delta \ln (1 + \tau_{igt}) p_{igt}^* + \epsilon_{igt}$$

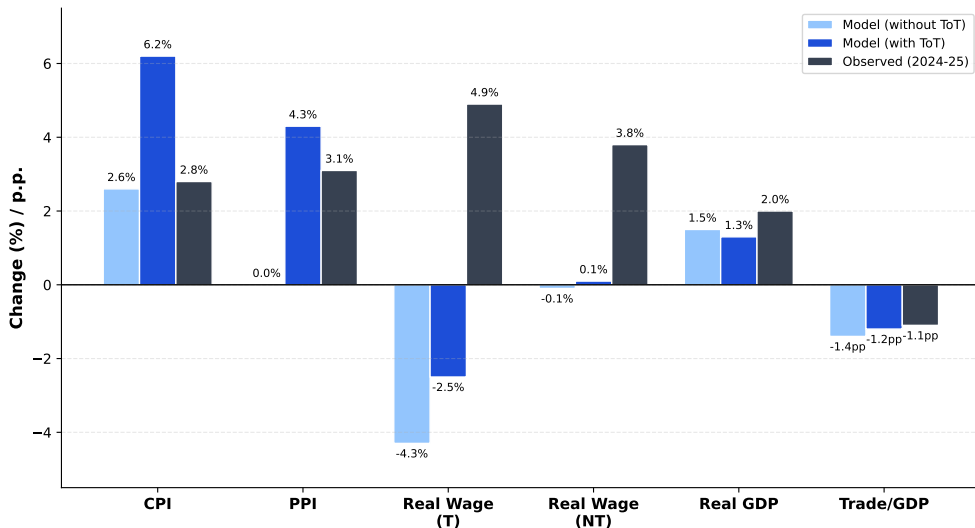
$$\Delta \ln p_{igt}^* = \eta_{gt} + \eta_i - \omega^* \Delta \ln m_{igt} + \nu_{igt}$$

- tariffs can simultaneously recover both supply and demand curves (Zoutman et al 18)

Tariff Episode	σ	ω^*	η	κ	σ^*
2025 Tariffs	1.91	0.06	1.90	1.12	2.54
	(0.51)	(0.05)	(0.18)	(0.21)	(0.45)

Event Study: Exports

[Imports](#)



- Country-level reduced form (by country i):

$$\Delta \ln y_{igt} = \alpha_{st} + \beta_i^1 \Delta \ln(1 + \tau_{igt}^{\text{stat}}) + \beta_i^2 \Delta \ln(1 + \tau_{CHN,gt}^{\text{stat}}) + \beta_i^3 \sum_{j \neq i, CHN} \Delta \ln(1 + \tau_{jgt}^{\text{stat}}) + \epsilon_{igt}$$

- β_i^1 : direct tariff response; β_i^2 : response to China tariffs; β_i^3 : response to competitor tariffs
- statutory rates, sector $\times$ time FE

- Aggregate predicted export response:

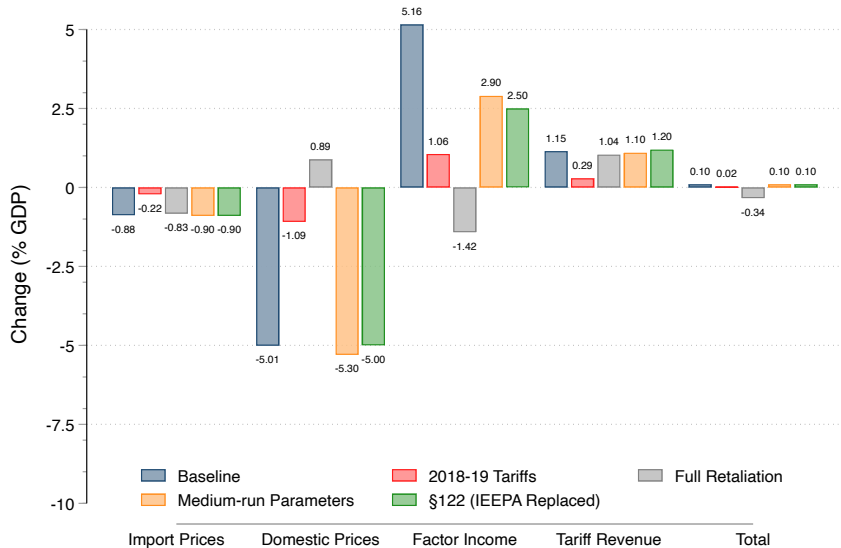
$$\widehat{\Delta \ln X_i} = \sum_{ig} \lambda_{ig} \left\{ \hat{\beta}_i^1 \Delta \ln(1 + \tau_{igt}^{\text{stat}}) + \hat{\beta}_i^2 \Delta \ln(1 + \tau_{CHN,gt}^{\text{stat}}) + \hat{\beta}_i^3 \sum_{j \neq i, CHN} \Delta \ln(1 + \tau_{jgt}^{\text{stat}}) \right\}$$

- λ_{ig} : 2024 variety export shares
- plot against UN ideal points (Bailey, Strezhnev & Voeten 2017)

- Adao et al. (2024): do model predictions for how welfare determinants vary with tariffs match the data?
- Regress pooled welfare-relevant predictions against tariff instrument
 - Col 1–2: weighted; Col 3–4: unweighted
 - with and without ToT adjustments
- Result: cannot reject either model — data is inconclusive

	Weighted		Unweighted	
	with ToT (1)	without ToT (2)	with ToT (3)	without ToT (4)
Tariff Instrument	0.0013 (0.0041)	0.0024 (0.0045)	-0.0029 (0.0006)	-0.0030 (0.0006)
p-value	0.75	0.60	0.00	0.00
N	78999	78999	78999	78999

Alternative Scenarios

[← Back](#)

Index of Paper Figures and Tables

Figures

1. Applied Tariff Rates (1915–2025)
2. Tariff Rates: China vs ROW
3. Import Shares by Rate Provision
4. Event Study: Imports
5. Bilateral Deficits vs Tariffs
6. Geopolitical Winners/Losers
7. Regional Tariffs (weighted avg)
8. Import/Export Shares
9. Model vs Data: XPI
10. Welfare Scenarios (with ToT)
11. Welfare Scenarios (no ToT)
12. Event Study: Imports (Trump 1 & 2)
13. Federal Revenue
14. Real Wages by County

Tables

1. Targeted Imports by Region (Trump 1 & 2)
2. Reduced Form: Imports (Trump 1 & 2)
3. Reduced Form: Exports (Trump 1 & 2)
4. Welfare Impact (2025)
5. Aggregate Outcomes
6. Country Tariffs (3 panels)
7. Targeted Imports: Military
8. Targeted Imports: ATP
9. Pass-Through: Imports
10. Pass-Through: Exports
11. Elasticity Estimates
12. IV: Combined
13. PPI/XPI IV Tests
14. Welfare (Labor Mobility)
15. Welfare (2018–19 Tariffs)

Figure 1: Applied Tariff Rates (1915–2025)

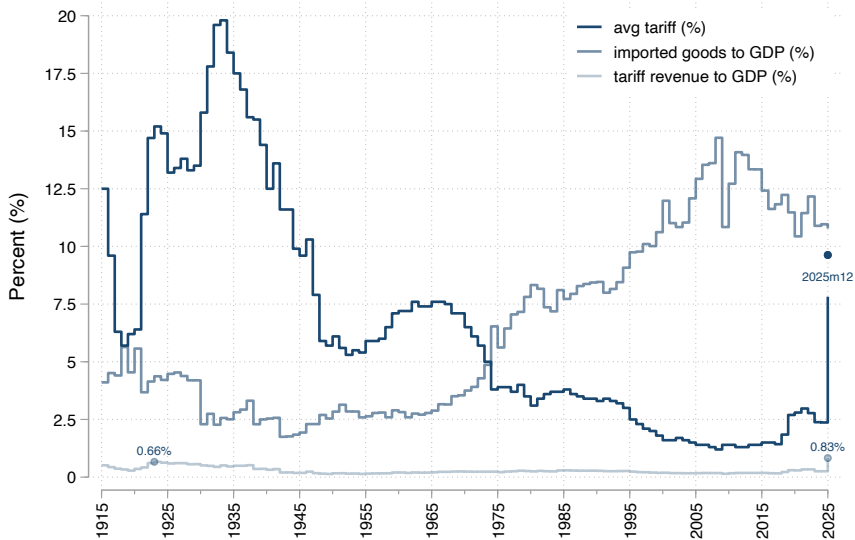


Figure 2: Tariff Rates by Origin

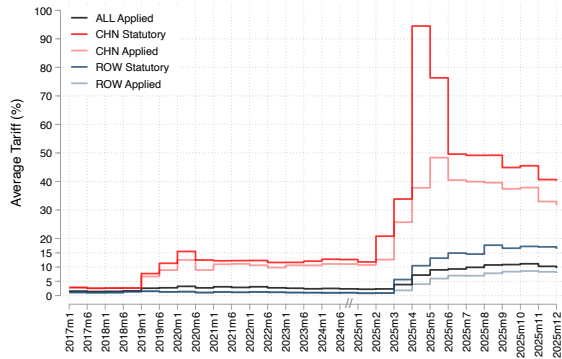
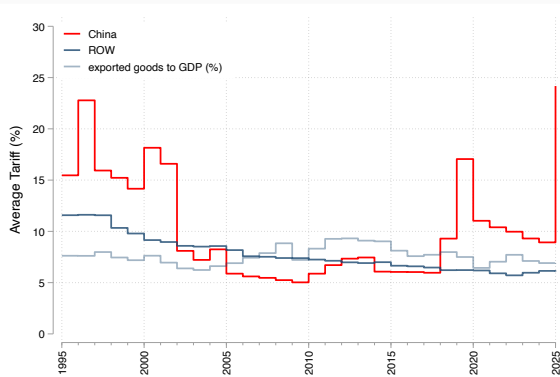
[← Index](#)

Figure 3: Import Shares by Rate Provision

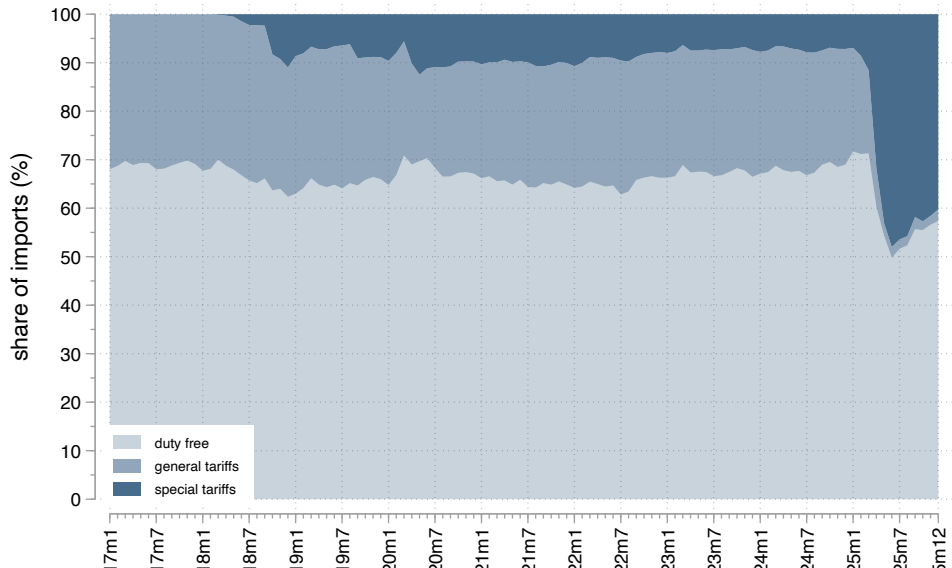


Figure 4: Event Study – Imports (Trump 1 & 2)

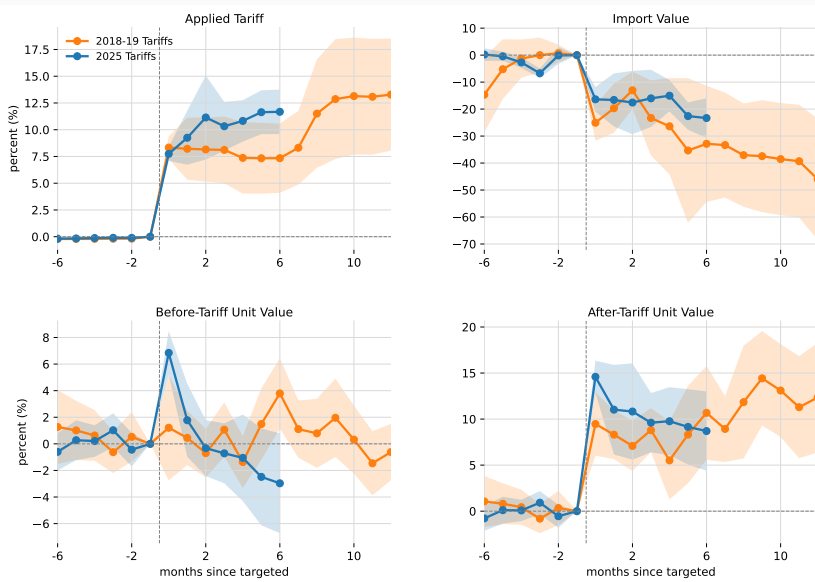


Figure 4: Event Study – Imports

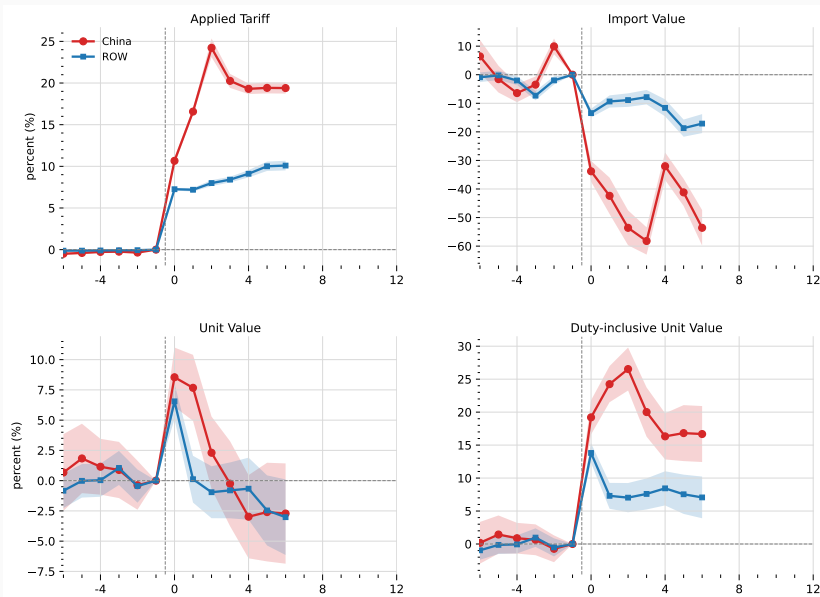


Figure 5: Welfare Scenarios (with ToT)

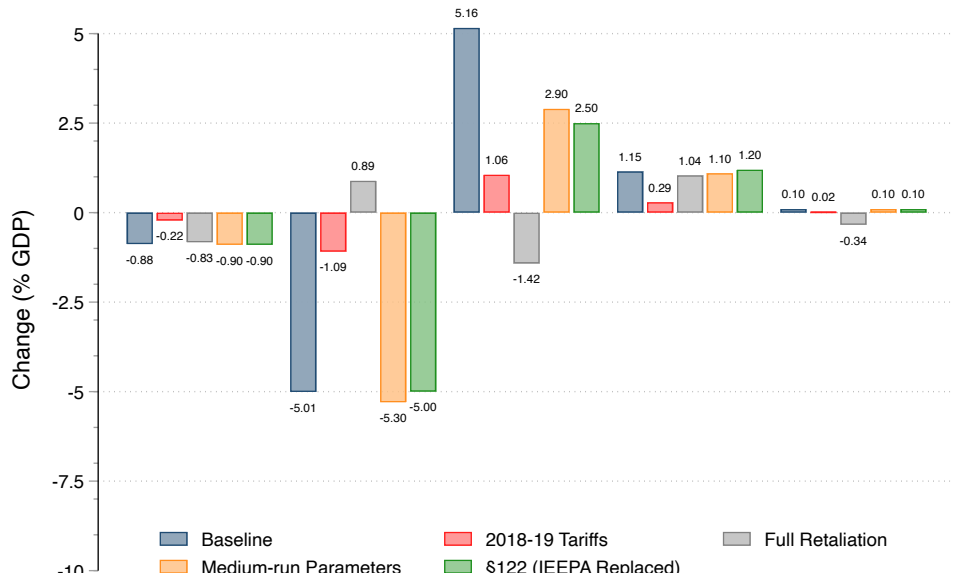


Figure 6: Bilateral Deficits vs Applied Tariff Changes

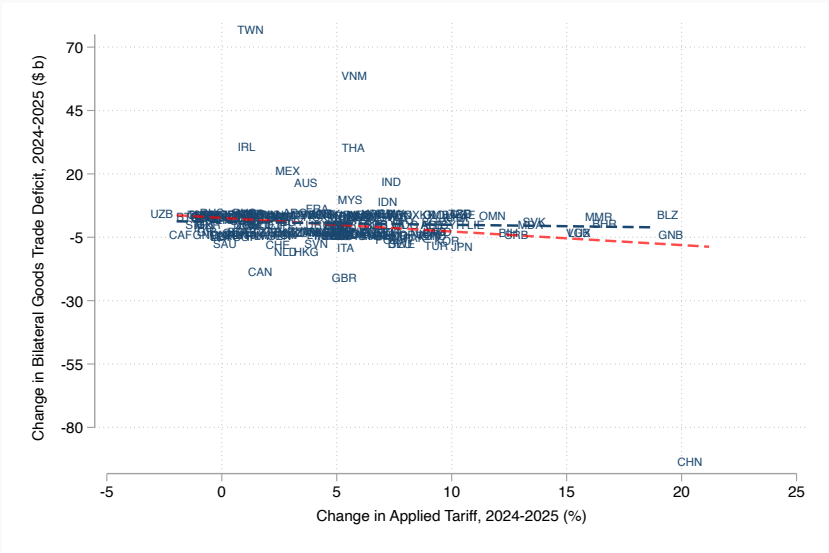


Figure 7: Geopolitical Winners and Losers

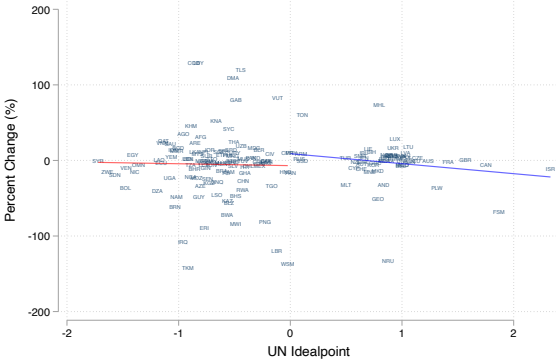
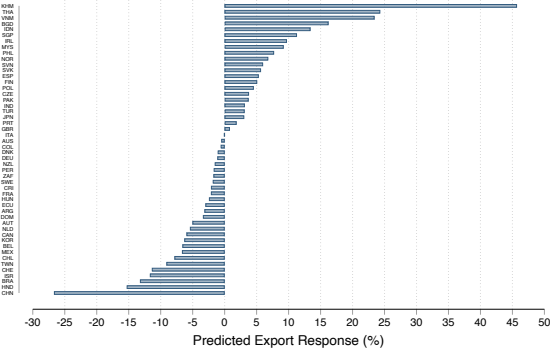


Figure 8: Regional Tariffs (Weighted Avg)

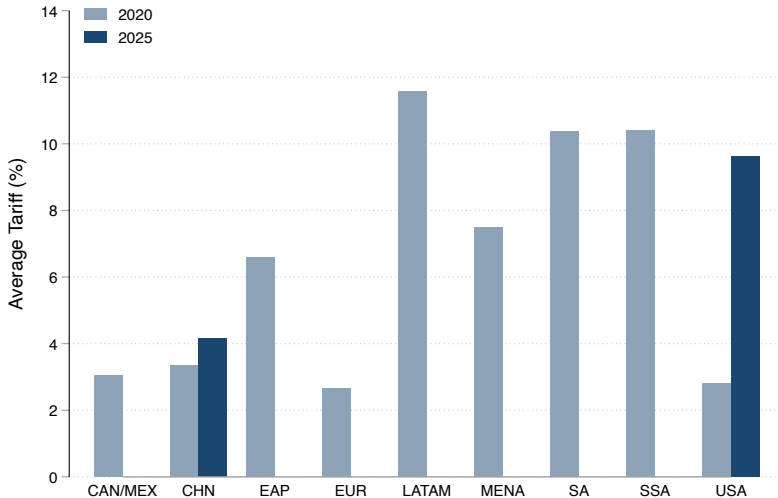


Figure 9: Import and Export Shares

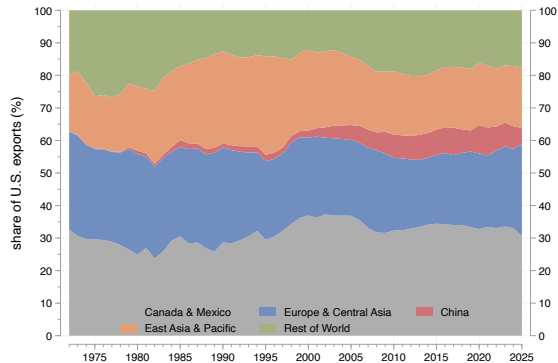
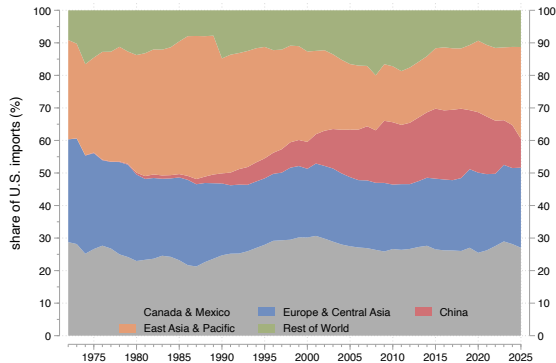


Figure 10: Model vs Data – XPI

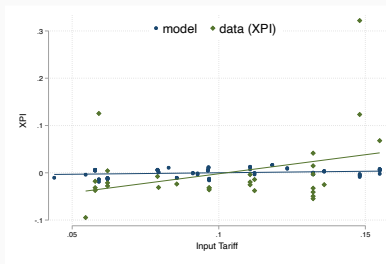
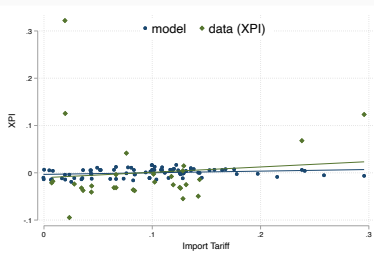
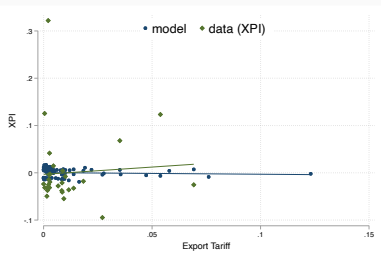


Figure 11: Welfare Scenarios (no ToT)



Figure 12: Federal Revenue

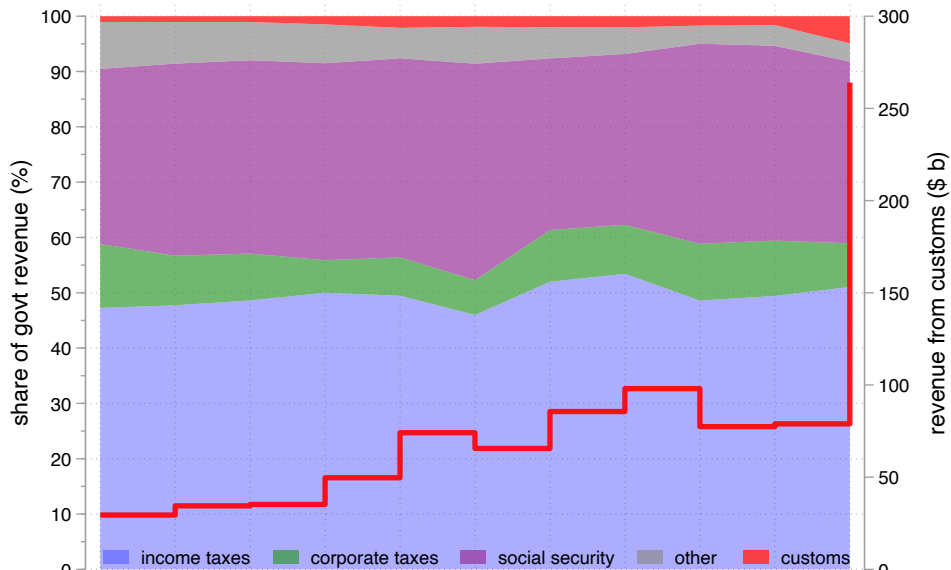
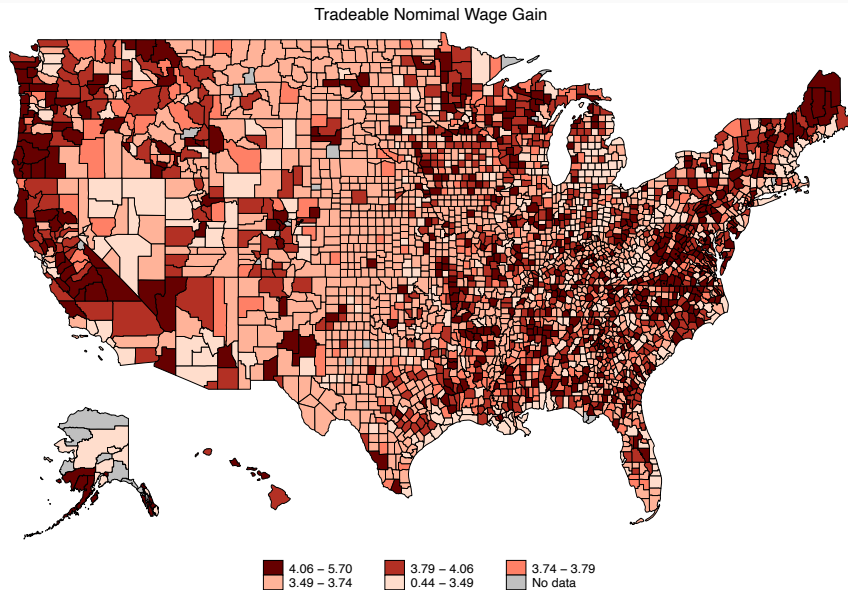


Figure 13: Real Wages by County



Tables 1–2: Targeted U.S. Imports by Region

[← Index](#)

Trump 1:

Regions	U.S. Imports and Tariffs: Regions						
	Imports \$bn	Fraction Tariffed (%)		Avg Tariff on Tariffed (%)		Avg Tariff (%)	
		2017	2019m12	2017	2019m12	2017	2019m12
China	518	41.5	60.2	6.3	18.8	2.6	11.3
Canada and Mexico	594	10.1	14.0	0.9	0.7	0.1	0.1
East Asia and Pacific	437	37.8	34.2	5.6	6.3	2.1	2.1
Europe and Central Asia	482	39.3	37.1	3.2	3.7	1.3	1.4
Latin America and Caribbean	113	26.2	20.7	2.2	2.9	0.6	0.6
South Asia	62	42.8	54.0	9.9	8.4	4.3	4.6
Middle East and North Africa	71	38.5	45.4	0.6	1.3	0.2	0.6
Sub-Saharan Africa	26	7.9	20.5	0.9	1.6	0.1	0.3
All Countries	2,302	31.1	34.0	4.6	8.7	1.4	3.0

Trump 2:

Regions	U.S. Imports and Tariffs: Regions						
	Imports \$bn	Fraction Tariffed (%)		Avg Tariff on Tariffed (%)		Avg Tariff (%)	
		2024	2025m12	2024	2025m12	2024	2025m12
China	441	65.0	95.1	16.3	33.3	10.6	31.7
Canada and Mexico	897	15.6	15.5	1.2	25.3	0.2	3.9
East Asia and Pacific	780	27.9	45.2	6.0	20.4	1.7	9.2
Europe and Central Asia	729	34.3	55.0	3.6	16.5	1.2	9.1
Latin America and Caribbean	160	27.1	42.3	2.4	16.8	0.7	7.1
South Asia	108	48.1	52.0	8.1	42.4	3.9	22.0
Middle East and North Africa	69	45.4	35.3	1.5	18.1	0.7	6.4
Sub-Saharan Africa	31	21.0	19.8	1.4	23.5	0.3	4.7
All Countries	3,214	32.0	42.6	7.4	22.6	2.4	9.6

Table 3: Reduced Form – Imports

Trump 1:

	(1)	(2)	(3)	(4)	(5)
	$\Delta \ln(1 + \tau_{igt})$	$\Delta \ln p_{igt}^* m_{igt}$	$\Delta \ln m_{igt}$	$\Delta \ln p_{igt}^*$	$\Delta \ln p_{igt}$
$\Delta \ln(1 + \tau_{igt}^{\text{stat}})$	0.64*** (0.08)				
$\Delta \ln(1 + \tau_{igt})$		-1.39*** (0.19)	-1.26*** (0.20)	-0.13** (0.06)	0.87*** (0.06)
Fixed Effects	gt+i	gt+i	gt+i	gt+i	gt+i
1st-Stage F		69.9	69.9	69.9	69.9
R2	0.20	0.00	0.00	.	0.00
N	1,464,263	1,464,263	1,464,263	1,464,263	1,464,263

Trump 2:

	(1)	(2)	(3)	(4)	(5)
	$\Delta \ln(1 + \tau_{igt})$	$\Delta \ln p_{igt}^* m_{igt}$	$\Delta \ln m_{igt}$	$\Delta \ln p_{igt}^*$	$\Delta \ln p_{igt}$
$\Delta \ln(1 + \tau_{igt}^{\text{stat}})$	0.42*** (0.06)				
$\Delta \ln(1 + \tau_{igt})$		-1.81*** (0.50)	-1.71*** (0.54)	-0.10* (0.06)	0.90*** (0.06)
Fixed Effects	gt+i	gt+i	gt+i	gt+i	gt+i
1st-Stage F		52.4	52.4	52.4	52.4
R2	0.16	0.00	0.00	.	0.00
N	1,192,687	1,192,687	1,192,687	1,192,687	1,192,687

Table 4: Reduced Form – Exports

Trump 1:

	(1)	(2)	(3)	(4)
	$\Delta \ln p_{US,igt}^* m_{igt}^*$	$\Delta \ln m_{igt}^*$	$\Delta \ln p_{US,igt}^*$	$\Delta \ln p_{US,igt}^* (1 + \tau_{igt}^*)$
$\Delta \ln(1 + \tau_{igt}^*)$	-0.48** (0.19)	-0.62*** (0.18)	0.15** (0.07)	1.15*** (0.07)
Fixed Effects	gt+i	gt+i	gt+i	gt+i
R2	0.00	0.00	0.00	0.00
N	1,631,678	1,631,678	1,631,678	1,631,678

Trump 2:

	(1)	(2)	(3)	(4)
	$\Delta \ln p_{US,igt}^* m_{igt}^*$	$\Delta \ln m_{igt}^*$	$\Delta \ln p_{US,igt}^*$	$\Delta \ln p_{US,igt}^* (1 + \tau_{igt}^*)$
$\Delta \ln(1 + \tau_{igt}^*)$	-0.31*** (0.04)	-0.30*** (0.04)	-0.00 (0.01)	1.00*** (0.01)
Fixed Effects	gt+i	gt+i	gt+i	gt+i
R2	0.00	0.00	0.00	0.00
N	1,225,287	1,225,287	1,225,287	1,225,287

Table 5: Welfare Impact of 2025 Tariffs

Without ToT:

	2025 Tariffs (without ToT Effects)				
	Import Prices	Domestic Prices	Factor Income	Tariff Revenue	Total
	(1)	(2)	(3)	(4)	(5)
Change (\$ b)	-254	-503	410	323	-38
Change (% GDP)	-0.85	-1.69	1.37	1.08	-0.13

With ToT:

	2025 Tariffs (with ToT Effects)				
	Import Prices	Domestic Prices	Factor Income	Tariff Revenue	Total
	(1)	(2)	(3)	(4)	(5)
Change (\$ b)	-262	-1494	1538	344	29
Change (% GDP)	-0.88	-5.01	5.16	1.15	0.10

Table 6: Aggregate Outcomes

[← Index](#)

Without ToT:

2025 Tariffs (without ToT Effects)					
CPI (1)	PPI (2)	Real Wage (T) (3)	Real Wage (NT) (4)	Real GDP (5)	$\frac{\text{Trade}}{\text{GDP}}$ (6)
2.6%	0.0%	-4.3%	-0.1%	1.5%	-1.4 p.p.

With ToT:

2025 Tariffs (with ToT Effects)					
CPI (1)	PPI (2)	Real Wage (T) (3)	Real Wage (NT) (4)	Real GDP (5)	$\frac{\text{Trade}}{\text{GDP}}$ (6)
6.2%	4.3%	-2.5%	0.1%	1.3%	-1.2 p.p.

Table 7: Country Tariffs

country	2024	2025m12	change	demeaned	country	2024	2025m12	change	demeaned	country	2024	2025m12	change	demeaned
Myanmar	6.9	45.3	38.5	24.6	Slovenia	0.4	10.7	10.3	-2.3	St Maarten	0.3	5.1	4.8	-0.5
Laos	4.9	39.7	34.8	20.2	Syria	1.7	10.7	9.0	5.4	Maldives	0.8	4.8	4.0	-5.5
Moldova	3.2	36.7	33.5	16.7	El Salvador	1.0	10.5	9.5	-10.8	St Lucia	0.0	4.8	4.8	-3.3
Lesotho	0.1	36.3	36.3	12.0	Poland	1.4	10.4	9.0	-4.5	Costa Rica	0.1	4.5	4.4	-5.0
Serbia	1.2	33.5	32.3	11.8	Estonia	1.1	10.3	9.2	-1.7	Mexico	0.3	4.5	4.2	-8.1
Bangladesh	14.5	32.7	18.2	11.0	Djibouti	0.8	10.3	9.6	-7.5	Antigua & Barbuda	0.1	4.4	4.4	-1.0
China	10.6	31.7	21.1	14.7	Montenegro	0.9	10.3	9.4	-2.4	Curacao	0.7	4.4	3.7	-1.0
Azerbaijan	8.4	30.4	22.0	-1.1	Lithuania	1.1	10.1	9.0	-2.0	Tonga	0.6	4.3	3.7	-6.3
Sri Lanka	9.7	29.6	19.9	9.0	Ethiopia	7.3	10.1	2.8	-9.2	Belarus	7.2	4.3	-2.8	-13.0
Bosnia & Herzegovina	2.8	29.4	26.6	8.4	San Marino	2.4	10.0	7.5	-5.7	Ghana	0.1	4.3	4.3	-0.1
Cambodia	6.7	28.1	21.4	6.9	Seychelles	0.5	9.9	9.4	-3.0	Chile	0.0	3.6	3.6	-1.9
Luxembourg	1.2	27.6	26.4	-1.8	Germany	1.4	9.8	8.4	-2.1	Grenada	0.0	3.5	3.5	-1.8
Madagascar	0.6	27.5	26.9	8.3	Honduras	0.5	9.5	9.1	-6.8	Singapore	0.1	3.3	3.2	-4.4
Pakistan	9.1	27.1	18.0	7.1	Denmark	0.6	9.5	8.9	-1.7	Bolivia	0.3	3.2	2.9	0.2
Kenya	0.2	25.4	25.2	4.6	Mozambique	1.3	9.5	8.3	0.3	Canada	0.1	3.2	3.1	-5.4
Bahrain	2.1	24.6	22.5	-1.6	Sierra Leone	0.4	9.5	9.1	-4.8	St Vincent & Grenadines	0.0	3.2	3.1	-1.8
Tunisia	2.1	23.0	20.9	8.7	Nepal	1.6	9.4	7.9	-5.5	Taiwan	0.9	3.1	2.2	-3.0
India	2.3	20.5	18.1	10.3	Cape Verde	0.3	9.4	9.1	-3.4	Samoa	0.5	3.1	2.6	-1.7
Indonesia	4.6	19.9	15.3	1.9	Aruba	0.4	9.4	9.0	-4.3	Brunei	0.4	3.0	2.6	-2.4
Oman	2.7	19.7	17.1	-3.9	Fiji	0.1	9.3	9.2	-2.0	Colombia	0.1	2.9	2.7	-2.3
Georgia	1.2	19.0	17.7	-1.2	Togo	0.1	9.3	9.2	-1.2	Uruguay	8.5	2.7	-5.8	-2.0
UAE	2.6	17.8	15.2	-4.1	Niger	1.2	9.2	8.0	-2.7	Ireland	0.2	2.3	2.1	-2.7
Haiti	0.3	17.7	17.5	-5.2	South Korea	0.2	9.0	8.8	-4.2	Saudi Arabia	0.4	2.3	1.9	-0.9
Turkey	3.2	17.2	13.9	0.1	Malaysia	0.7	9.0	8.4	-1.2	Qatar	1.2	2.1	0.9	-0.6
Zimbabwe	3.6	17.2	13.6	-3.4	Malta	1.0	8.9	7.9	-3.4	Venezuela	0.1	1.5	1.4	0.2
British Virgin Islds	0.0	17.2	17.1	-4.3	Paraguay	6.2	8.8	2.7	-3.3	Palestine	0.2	1.5	1.3	-12.9
Hong Kong	1.8	15.9	14.0	2.2	Iceland	0.3	8.7	8.4	-1.5	Gabon	0.1	1.5	1.3	-0.5
Brazil	1.3	15.8	14.5	5.1	Portugal	2.4	8.7	6.3	-3.8	Rwanda	0.3	1.4	1.1	-1.3
Slovak Republic	2.4	15.0	12.6	-1.2	Thailand	1.5	8.6	7.1	-1.3	Bahamas	0.4	1.1	0.8	-0.5
Ukraine	1.3	14.9	13.6	-1.4	Croatia	1.7	8.5	6.9	-2.3	Mali	0.4	1.0	0.6	-14.6
Botswana	0.0	14.9	14.9	4.1	Mauritius	0.5	8.5	8.0	1.5	Mongolia	1.4	0.9	-0.5	-1.1
Uzbekistan	2.8	14.8	12.1	-2.9	Suriname	0.2	8.5	8.3	-4.3	Zambia	0.5	0.9	0.4	-1.5
Kosovo	0.6	14.6	14.1	-3.2	Norway	0.6	8.5	7.9	-1.1	Uganda	0.1	0.9	0.8	-0.9
Namibia	0.0	14.5	14.5	-0.2	Finland	0.7	8.5	7.7	-2.2	Kazakhstan	0.6	0.8	0.3	-1.5
Gambia	0.0	14.4	14.3	-2.7	Benin	0.0	8.4	8.4	-1.5	Algeria	0.1	0.6	0.5	0.3
N. Macedonia	1.9	14.3	12.5	2.5	Bermuda	0.2	8.4	8.2	-2.0	Cayman Islds	1.6	0.5	-1.1	-1.9
Chad	0.1	14.3	14.2	2.5	Faroe Islds	0.0	8.4	8.4	-0.6	Equatorial Guinea	0.0	0.5	0.5	0.2
Albania	2.0	14.3	12.2	-1.2	Kyrgyzstan	2.0	8.3	6.3	-2.5	Russia	0.6	0.4	-0.2	-1.6

Table 8: Targeted Imports – Military Use

U.S. Imports and Tariffs: Regions							
Regions	Imports \$bn	Fraction Tariffed (%)		Avg Tariff on Tariffed (%)		Avg Tariff (%)	
	2024	2024	2025m12	2024	2025m12	2024	2025m12
China	441	65.0	95.1	16.3	33.3	10.6	31.7
NATO	954	33.5	40.2	2.7	17.6	0.9	7.1
Defense Treaty/Treaty-Like	349	15.9	31.6	4.6	18.9	0.7	6.0
Quad	255	45.5	62.5	3.8	24.2	1.7	15.1
Newly Desig. Major Non-Nato Ally	23	48.9	41.2	0.5	11.0	0.2	4.5
Rest Of World	1,193	20.0	35.5	5.8	22.7	1.2	8.1
All Countries	3,214	32.0	42.6	7.4	22.6	2.4	9.6

Table 9: Targeted Imports – ATP Classes

U.S. Imports and Tariffs: Technology Class							
Technology Class	Imports \$bn	Fraction Tariffed (%)		Avg Tariff on Tariffed (%)		Avg Tariff (%)	
	2024	2024	2025m12	2024	2025m12	2024	2025m12
Advanced Materials	4	11.0	49.0	16.4	16.2	1.8	7.9
Aerospace	55	6.2	15.2	6.3	14.9	0.4	2.3
Biotechnology	106	0.1	3.4	12.8	7.3	0.0	0.2
Electronics	124	24.6	38.7	5.2	19.5	1.3	7.6
Flexible Manufacturing	45	42.8	55.0	5.8	20.5	2.5	11.3
Information & Communications	297	4.6	5.2	11.3	19.4	0.5	1.0
Life Science	140	4.2	14.8	8.0	17.2	0.3	2.6
Nuclear Technology	5	9.6	6.9	6.2	12.6	0.6	0.9
Opto-Electronics	30	15.4	45.3	9.6	19.4	1.5	8.8
Weapons	3	31.5	55.2	8.5	22.3	2.7	12.3

Table 10: Pass-Through – Imports

Panel A: Monthly

	(1)	(2)	(3)	(4)	(5)
	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$
$\Delta \ln(1 + \tau_{igt})$	-0.05 (0.05)	-0.06 (0.05)	-0.01 (0.18)	-0.05 (0.05)	-0.06 (0.05)
$\Delta \ln(xr_a)$				0.00 (0.00)	0.00 (0.00)
Fixed Effects	gt+i	gt	gt+it	gt+i	gt
1st-Stage F	92.6	78.2	41.2	92.3	78.1
N	2,724,371	2,724,371	2,724,371	2,724,371	2,724,371

Panel B: Quarterly

	(1)	(2)	(3)	(4)	(5)
	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$
$\Delta \ln(1 + \tau_{igt})$	-0.10* (0.06)	-0.12** (0.06)	-0.20** (0.08)	-0.10* (0.06)	-0.12** (0.06)
$\Delta \ln(xr_a)$				-0.00 (0.00)	-0.00*** (0.00)
Fixed Effects	gt+i	gt	gt+it	gt+i	gt
1st-Stage F	52.4	42.4	26.6	52.2	42.2
N	1,192,687	1,192,687	1,192,687	1,192,687	1,192,687

Panel C: Semi-Annual

	(1)	(2)	(3)	(4)	(5)
	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$
$\Delta \ln(1 + \tau_{igt})$	-0.15* (0.09)	-0.17** (0.08)	-0.22*** (0.07)	-0.14 (0.09)	-0.16** (0.08)
$\Delta \ln(xr_{it})$				-0.00 (0.00)	-0.00*** (0.00)
Fixed Effects	gt+i	gt	gt+it	gt+i	gt
1st-Stage F	24.8	29.1	55.1	24.7	29.0
N	624,610	624,610	624,610	624,610	624,610

Panel D: Annual

	(1)	(2)	(3)	(4)	(5)
	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$
$\Delta \ln(1 + \tau_{igt})$	-0.08 (0.05)	-0.08 (0.05)	-0.12 (0.21)	-0.08 (0.05)	-0.08 (0.05)
$\Delta \ln(xr_{it})$				-0.00 (0.00)	-0.00 (0.00)
Fixed Effects	gt+i	gt	gt+it	gt+i	gt
1st-Stage F	1421.4	1472.4	28.8	1427.5	1483.7
N	532,390	532,390	532,390	532,390	532,390

Table 11: Pass-Through – Exports

	(1)	(2)	(3)	(4)	(5)
	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$	$\Delta \ln p_{igt}$
$\Delta \ln(1 + \tau_{igt}^*)$	-0.00 (0.01)	0.00 (0.01)	-0.02 (0.03)	-0.00 (0.01)	0.00 (0.01)
$\Delta \ln(xr_{it})$				-0.00 (0.00)	-0.00 (0.00)
Fixed Effects	gt+i	gt	gt+it	gt+i	gt
R2	0.00	0.00	0.00	0.00	0.00
N	1,225,287	1,225,289	1,225,241	1,225,287	1,225,289

Table 12: Elasticity Estimates

Tariff Episode	σ	ω^*	η	κ	σ^*
2018-19 Tariffs	1.45 (0.22)	0.11 (0.06)	1.38 (0.42)	1.21 (0.36)	2.54 (0.45)
2025 Tariffs	1.91 (0.51)	0.06 (0.05)	1.90 (0.18)	1.12 (0.21)	2.54 (0.45)

Table 13: IV Combined – Testing Welfare Predictions

	Weighted		Unweighted	
	with ToT	without ToT	with ToT	without ToT
	(1)	(2)	(3)	(4)
Tariff Instrument	0.0013 (0.0041)	0.0024 (0.0045)	-0.0029 (0.0006)	-0.0030 (0.0006)
p-value	0.75	0.60	0.00	0.00
N	78999	78999	78999	78999

Table 14: PPI/XPI IV Tests

No ToT:

2025 Tariffs (without ToT Effects)						
	PPI	PPI	PPI	XPI	XPI	XPI
	(1)	(2)	(3)	(4)	(5)	(6)
Tariff Instrument	0.0002	0.0004	0.0004	0.0001	0.0005	0.0008
	(0.0002)	(0.0007)	(0.0003)	(0.0003)	(0.0016)	(0.0007)
p-value	0.37	0.56	0.16	0.79	0.77	0.23
N	79	79	79	30	30	30
Instrument	Export Tariff	Import Tariff	Input Tariff	Export Tariff	Import Tariff	Input Tariff

With ToT:

2025 Tariffs (with ToT Effects)						
	PPI	PPI	PPI	XPI	XPI	XPI
	(1)	(2)	(3)	(4)	(5)	(6)
Tariff Instrument	0.0002	0.0003	0.0004	0.0001	0.0003	0.0008
	(0.0001)	(0.0006)	(0.0002)	(0.0002)	(0.0013)	(0.0006)
p-value	0.18	0.62	0.13	0.80	0.79	0.21
N	79	79	79	30	30	30
Instrument	Export Tariff	Import Tariff	Input Tariff	Export Tariff	Import Tariff	Input Tariff

Table 15: Welfare Impact (with Labor Mobility)

No ToT:

	2025 Tariffs (without ToT Effects)				
	Import Prices	Domestic Prices	Factor Income	Tariff Revenue	Total
	(1)	(2)	(3)	(4)	(5)
Change (\$ b)	-248	81	-288	306	-150
Change (% GDP)	-0.83	0.27	-0.97	1.02	-0.50

With ToT:

	2025 Tariffs (with ToT Effects)				
	Import Prices	Domestic Prices	Factor Income	Tariff Revenue	Total
	(1)	(2)	(3)	(4)	(5)
Change (\$ b)	-261	-1281	1361	342	84
Change (% GDP)	-0.87	-4.30	4.56	1.15	0.28

Table 16: Welfare Impact (2018–19 Tariffs)

No ToT:

	2018-19 Tariffs (without ToT Effects)				
	Import Prices	Domestic Prices	Factor Income	Tariff Revenue	Total
	(1)	(2)	(3)	(4)	(5)
Change (\$ b)	-42	-94	78	57	-2
Change (% GDP)	-0.21	-0.47	0.39	0.28	-0.01

With ToT:

	2018-19 Tariffs (with ToT Effects)				
	Import Prices	Domestic Prices	Factor Income	Tariff Revenue	Total
	(1)	(2)	(3)	(4)	(5)
Change (\$ b)	-44	-218	211	58	4
Change (% GDP)	-0.22	-1.09	1.06	0.29	0.02