First Trust

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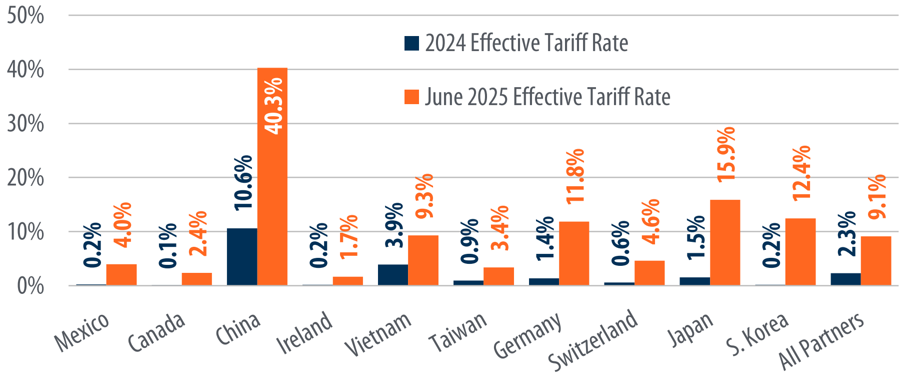
Tariffs Are Back: How Trade Policy Is Reshaping U.S. Imports

In this week's "Three on Thursday," we explore the shifting role of trade and tariffs in U.S. economic policy—focusing on the countries the U.S. imports from most. After decades of decline, customs duties are making a comeback, serving both as a growing revenue stream and a tool of geopolitical strategy. With global alliances in flux and tensions rising, tariffs are once again front and center. In fact, tariff collections in 2025 have already exceeded all of last year's total. The two charts and table below provide a snapshot of where things stand in this rapidly evolving landscape.

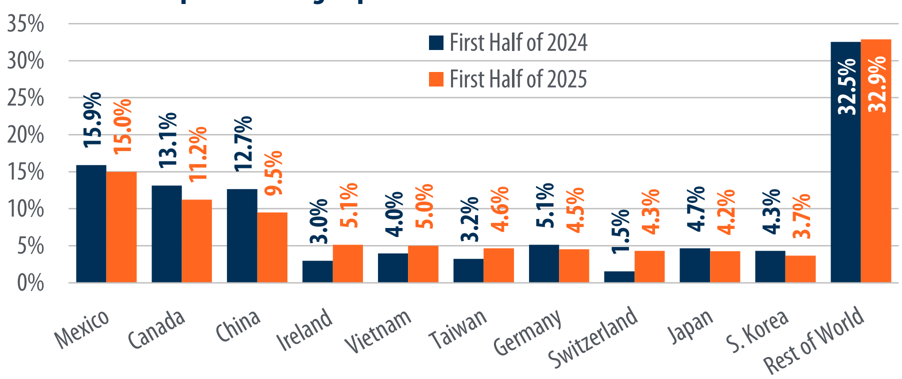
Effective Tariff Rates for Top U.S. Trade Partners



Source: U.S. International Trade Commission, Fitch Ratings, First Trust Advisors. 2025 Effective Tariff Rate as of 6/30/25.

Effective tariff rates are calculated by dividing total customs duties collected by the value of imports. In June, the top ten countries the U.S. imports from, China stood out with an effective tariff rate of 40.3%—the highest of the group. Every major trading partner faced higher effective tariffs in June than in 2024, and we expect these rates to keep rising as tariff enforcement continues to tighten and gaps in collection across product categories are addressed.

Share of U.S. Imports Among Top Trade Partners



Source: U.S. Census Bureau, First Trust Advisors. Data through June 2024 and June 2025.

Comparing import shares over the first six months of this year to the same period last year reveals how tariffs are reshaping U.S. trade flows. In the first half of last year, China accounted for 12.7% of all U.S. imports. This year, that share has dropped to 9.5%—a 3.2 percentage point decline. Despite making up less than 10% of imports, China has been responsible for a staggering 50.2% of all U.S. tariff revenue so far this year, underscoring the outsized impact of high tariffs. Meanwhile, lower-tariff countries like Vietnam and Taiwan are gaining share, along with large increases from Switzerland and Ireland.

U.S. Effective Tariff Rate Monitor

	Effective Tariff Rate (June 2025)	Estimated Effective Tariff Rate	Difference
Mexico	4.0%	10.6%	6.6%
Canada	2.4%	10.0%	7.6%
China	40.3%	41.4%	1.1%
Ireland	1.7%	2.8%	1.2%
Vietnam	9.3%	19.3%	10.0%
Taiwan	3.4%	10.1%	6.7%
Germany	11.8%	15.2%	3.4%
Switzerland	4.6%	22.1%	17.5%
Japan	15.9%	19.2%	3.3%
S. Korea	12.4%	17.3%	4.9%
All Partners	9.1%	17.0%	7.8%

Source: U.S. International Trade Commission, Fitch Ratings, First Trust Advisors. Estimated Effective Tariff Rate as of 8/1/25.

Fitch has developed an interactive tariff tool, the U.S. Effective Tariff Rate Monitor, which estimates the effective tariff rate rather than reporting the actual duties collected by U.S. Customs. It uses detailed import data and known tariff rules (including exemptions and special rates) to model what the average tariff rate should be for each country based on current policy. So, while it's a strong proxy for the real-world burden, it's still a modeled estimate, not a direct measurement from government-reported collections. What it shows is that customs collections are still well below where they should be. According to the model, the effective tariff rate across all trading partners should be around 17%, but in June it was just 9.1%—a gap of 7.8 percentage points (rounded). Over time, we expect the actual rate to rise and converge with the estimate as enforcement and collection improve.