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CLIENT RESOURCE KIT

TARIFFS

What are Tariffs?

Tariffs are taxes or duties imposed on imported goods by a government.

Why are they used?

Their intent is to protect domestic industries, encourage local production, generate government revenue, reduce reliance on foreign goods, or respond to trade policies of other nations.

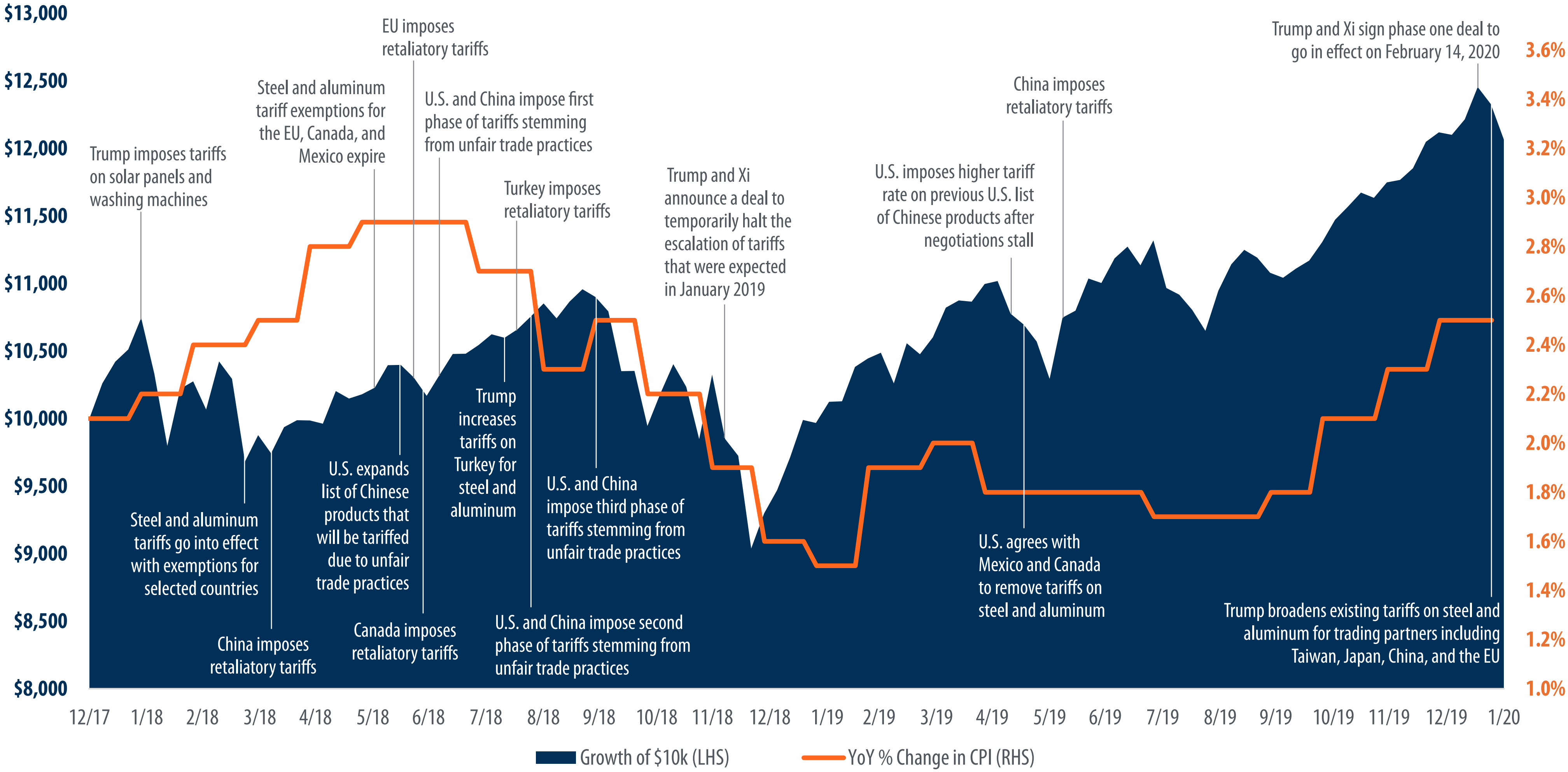
What is their potential impact?

Tariffs raise prices for consumers, affect trade relationships with other countries, and influence economic growth.

What Happened with Tariffs During Trump's First Term

S&P 500 Index Growth of $10k and YoY % Change in CPI

Tariffs dominated U.S. headlines during Trump's first term which brought with it some market volatility, but it did not bring about rampant inflation and markets ultimately moved higher.

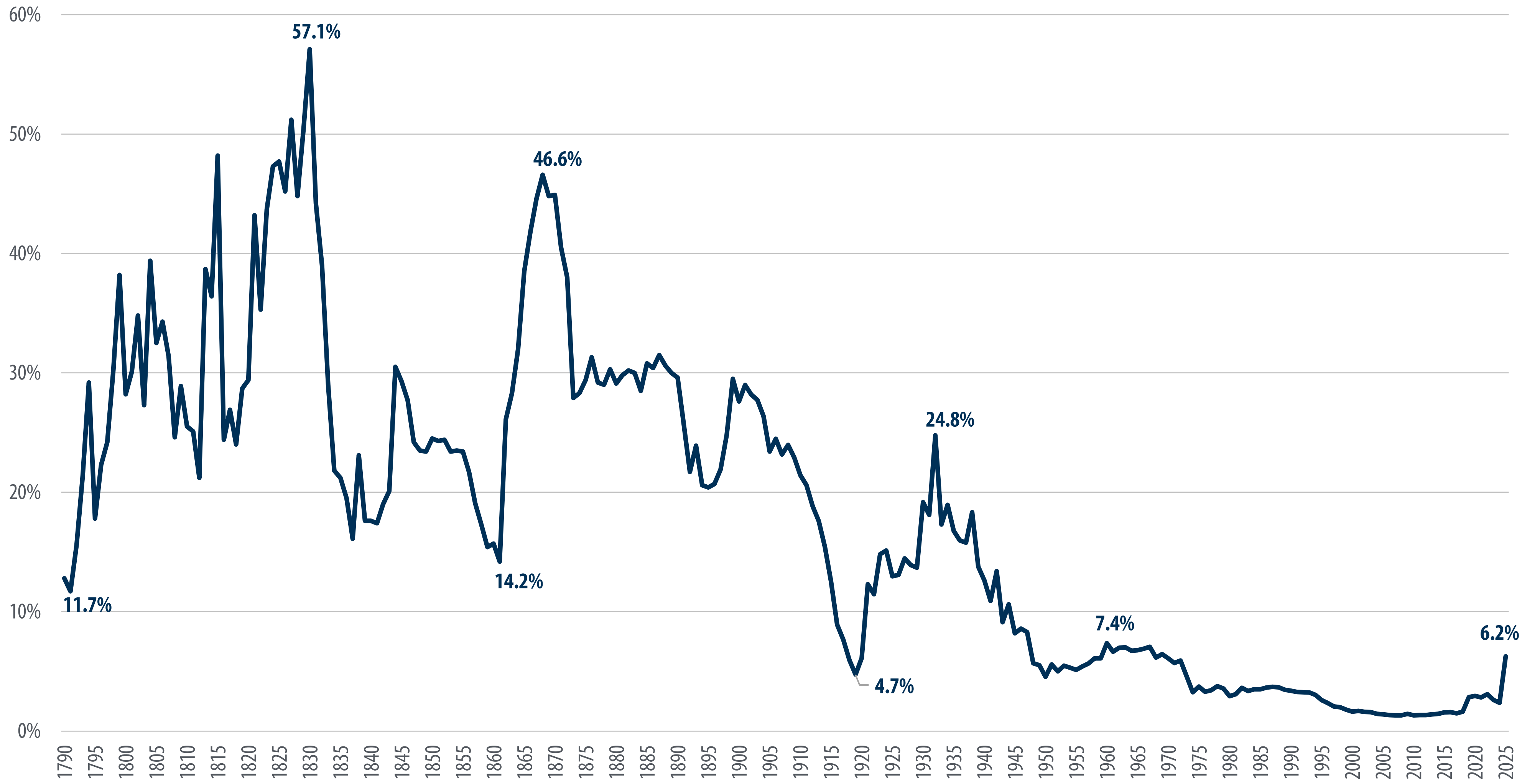


Source: First Trust, Peterson Institute for International Economics, Bloomberg. Data from 12/29/2017 – 1/31/2020. **Past performance is no guarantee of future results.** For illustrative purposes only and not indicative of any investment. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Consumer Price Index (CPI) measures Inflation - the average change in prices over time that consumers pay for a basket of goods and services.

Imports: Average Effective Tariff Rates

Since 1790

The average effective U.S. tariff rate moved to its highest level since 1969, ending a multi-decade period in which multilateral and regional trade agreements, economic policy shifts towards free trade, and the expansion of global supply chains kept the rate near zero.



Source: First Trust, National Bureau of Economic Research (NBER), St. Louis Fed (FRED). Data from 1790-2025. Effective Tariff Rates – The actual rate of tariffs on imports, considering both the tariff levels and the types of goods being traded.

Tariff Revenue as a Share of Total Federal Receipts

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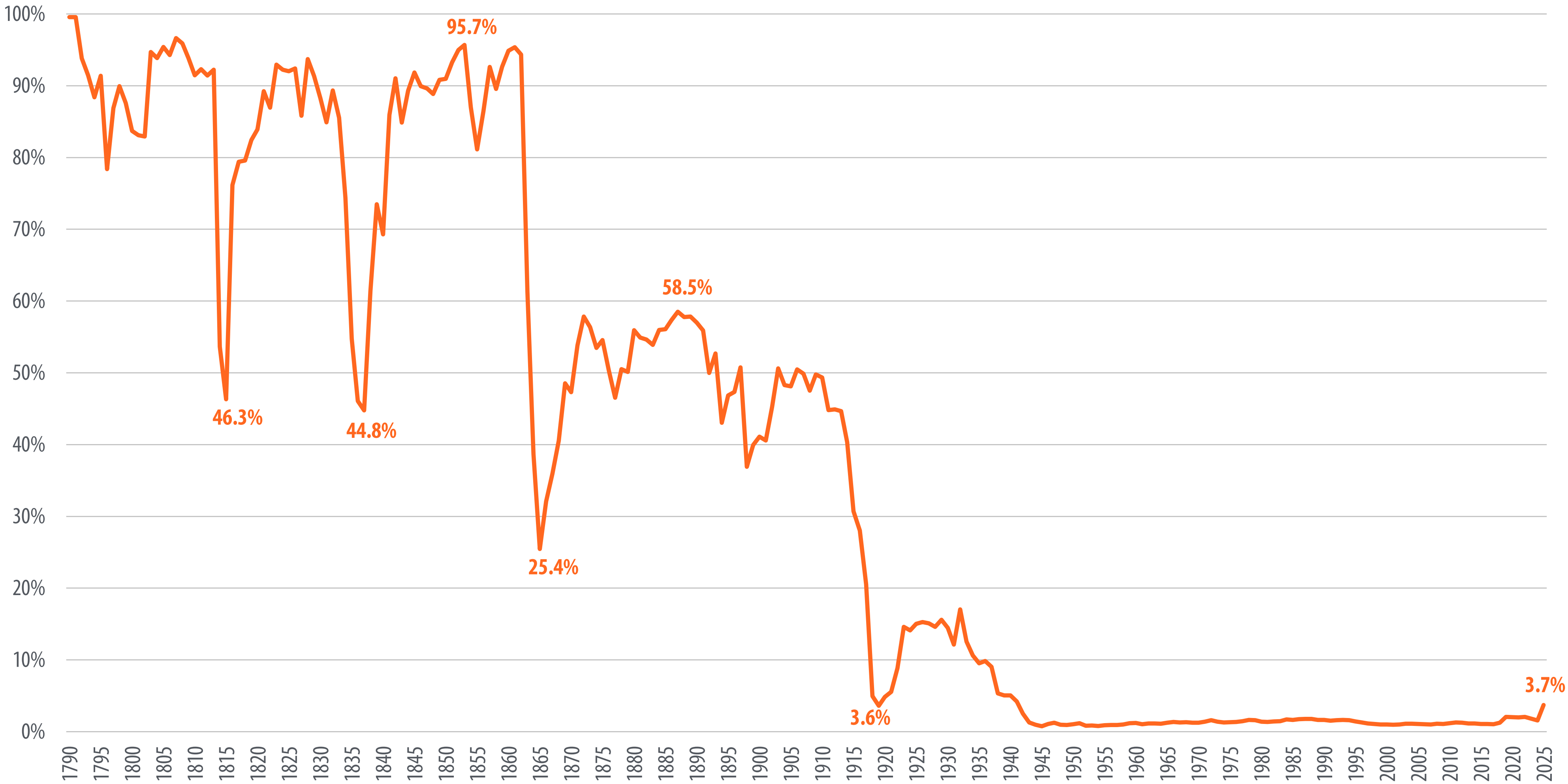
Since 1790

For much of early U.S. history, tariffs were the government's primary revenue source. That changed with the 16th Amendment in 1913, which introduced the federal income tax, now the dominant revenue stream. Tariffs reached 3.7% of revenues in 2025, its highest share since 1941.



Source: First Trust, U.S. Census Bureau. Data from 1790-2025. Federal receipts – the total money the U.S. government collects from taxes, fees, and other sources.

Federal Receipts: Customs Duties

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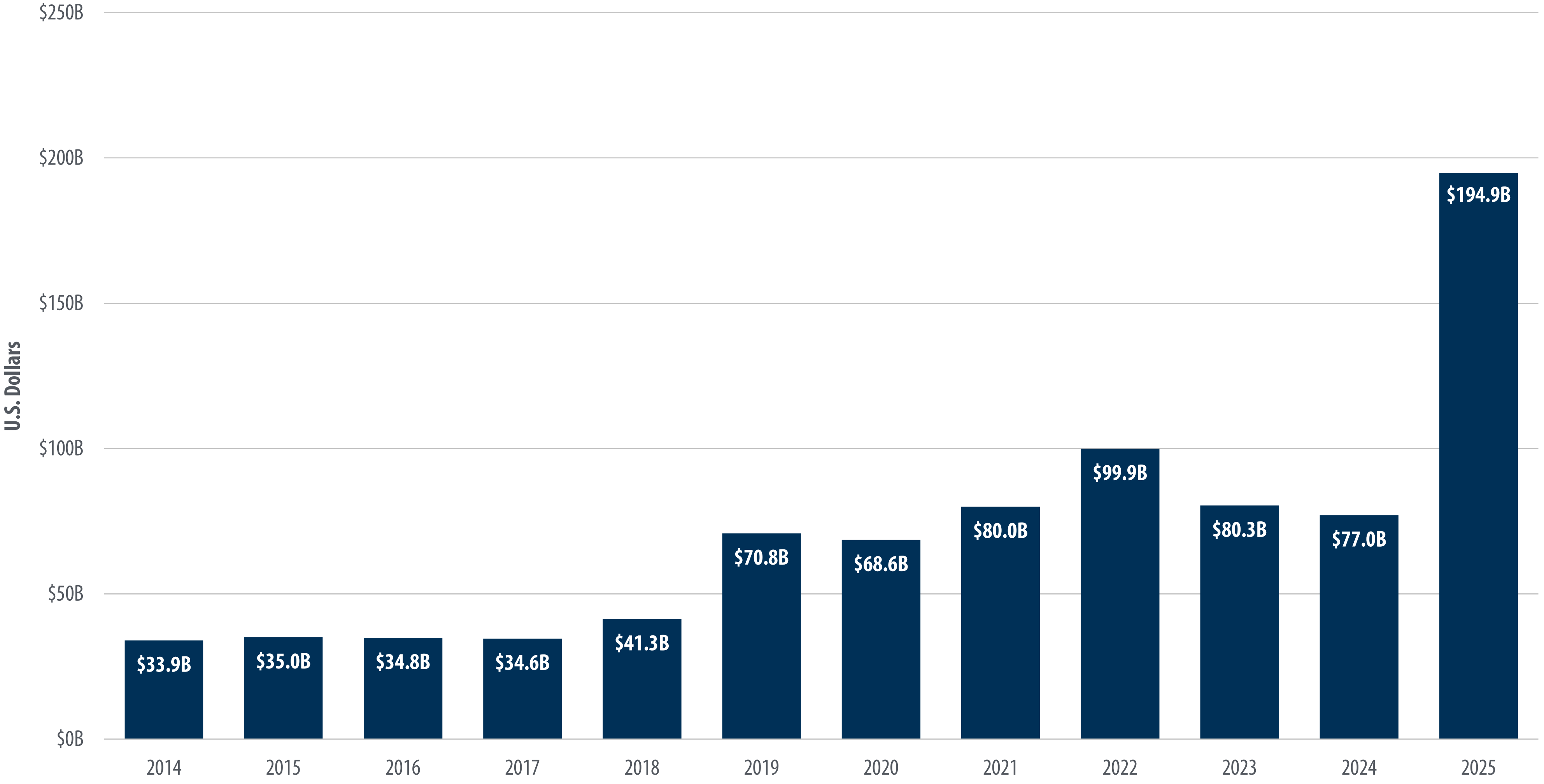
Total U.S. tariff revenue nearly tripled from 2017 to 2022, largely due to tariffs introduced in 2018. After falling in 2023 and 2024 as trade patterns and imports adjusted, they nearly tripled again in 2025.



Source: First Trust, U.S. Census Bureau. Data is 2014 - 2025. Customs duties – taxes imposed on goods imported into a country.

Largest Import Partner as a Share of Overall Imports

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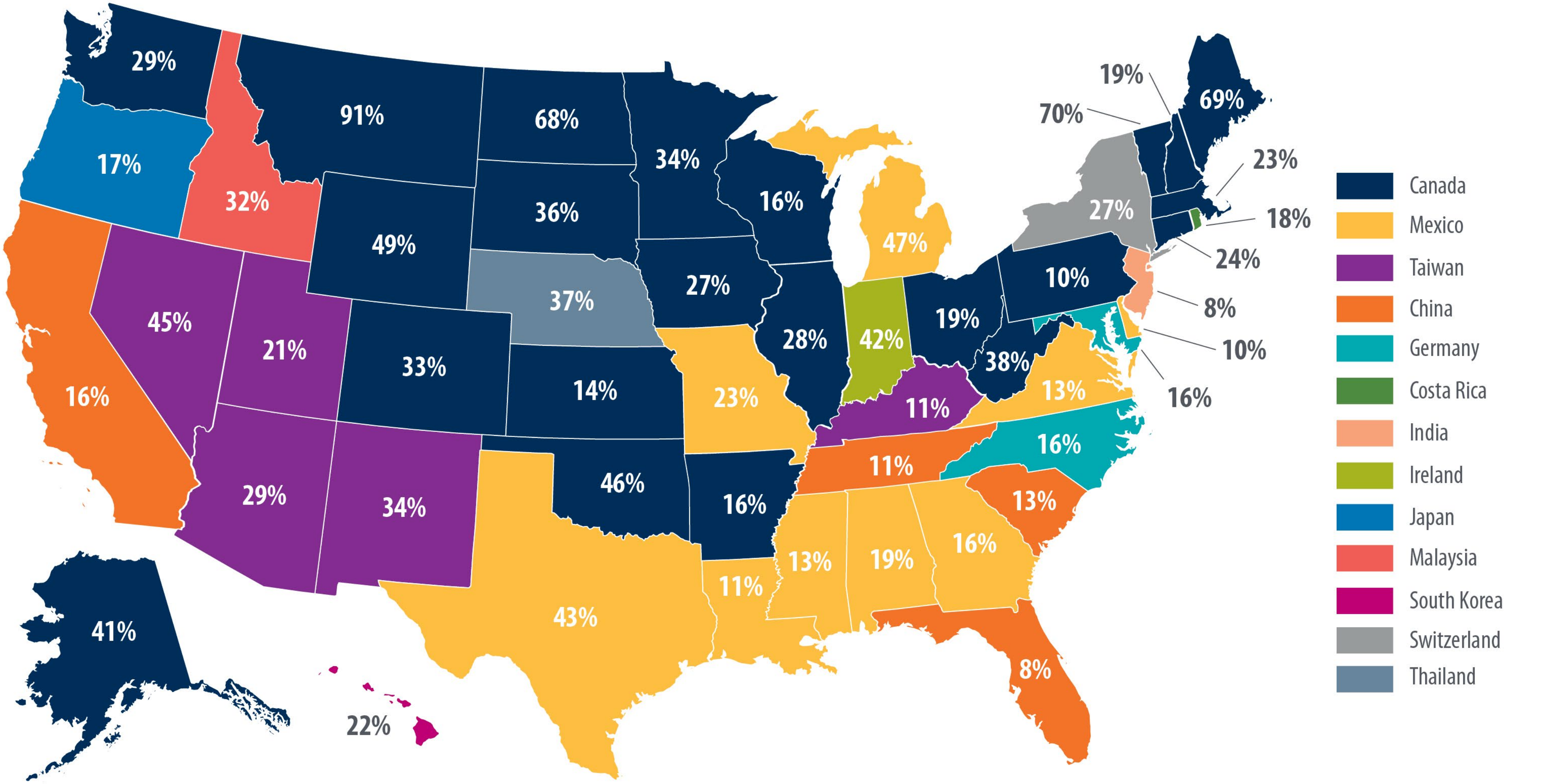
In 2025, Mexico was the largest overall exporter to the U.S., but a closer look at individual states reveals a different picture. Canada emerged as the top exporter to 22 states, followed by Mexico (9 states), then Taiwan (5 states) and China (4 states). Montana had the highest concentration of imports from a single country, with 91.4% coming from Canada. In contrast, New Jersey had the most diversified import sources, with its top trade partner India accounting for just 7.8% of total imports.



Source: First Trust, U.S. Census Bureau. 2025 data.

Largest Export Partner as a Share of Overall Exports

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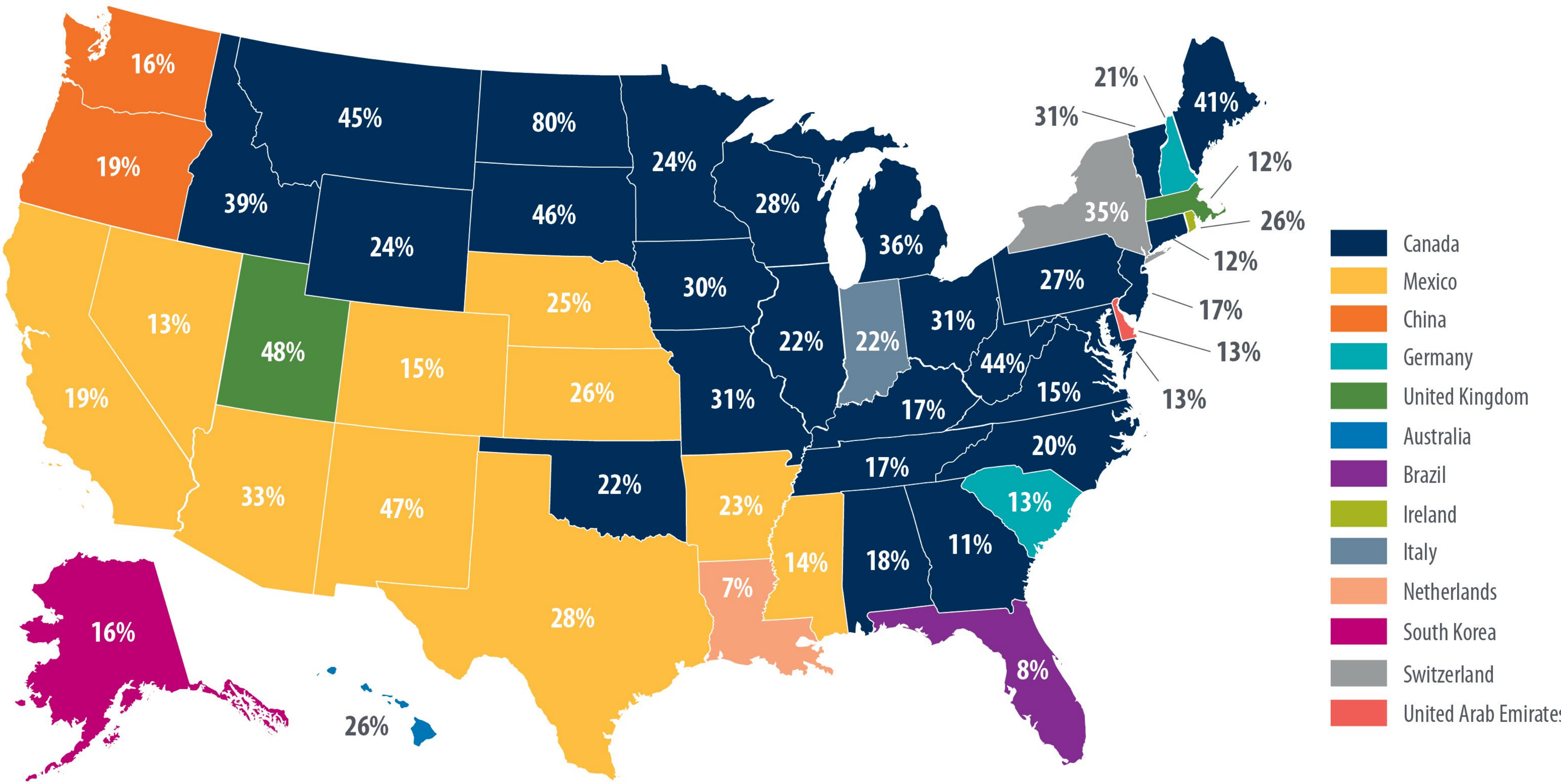
In 2025, Canada remained the top destination for U.S. exports, serving as the largest market for 26 states. Mexico followed at a distant second, serving as the top export destination for 10 states. North Dakota had the highest export concentration to a single country, with 80.4% of its goods going to Canada. On the other end of the spectrum, Louisiana had the most diversified export market, with its top trade partner, the Netherlands, accounting for just 7.2% of total exports.



Source: First Trust, U.S. Census Bureau. 2025 data.

Import Value of U.S. Top Trading Partners

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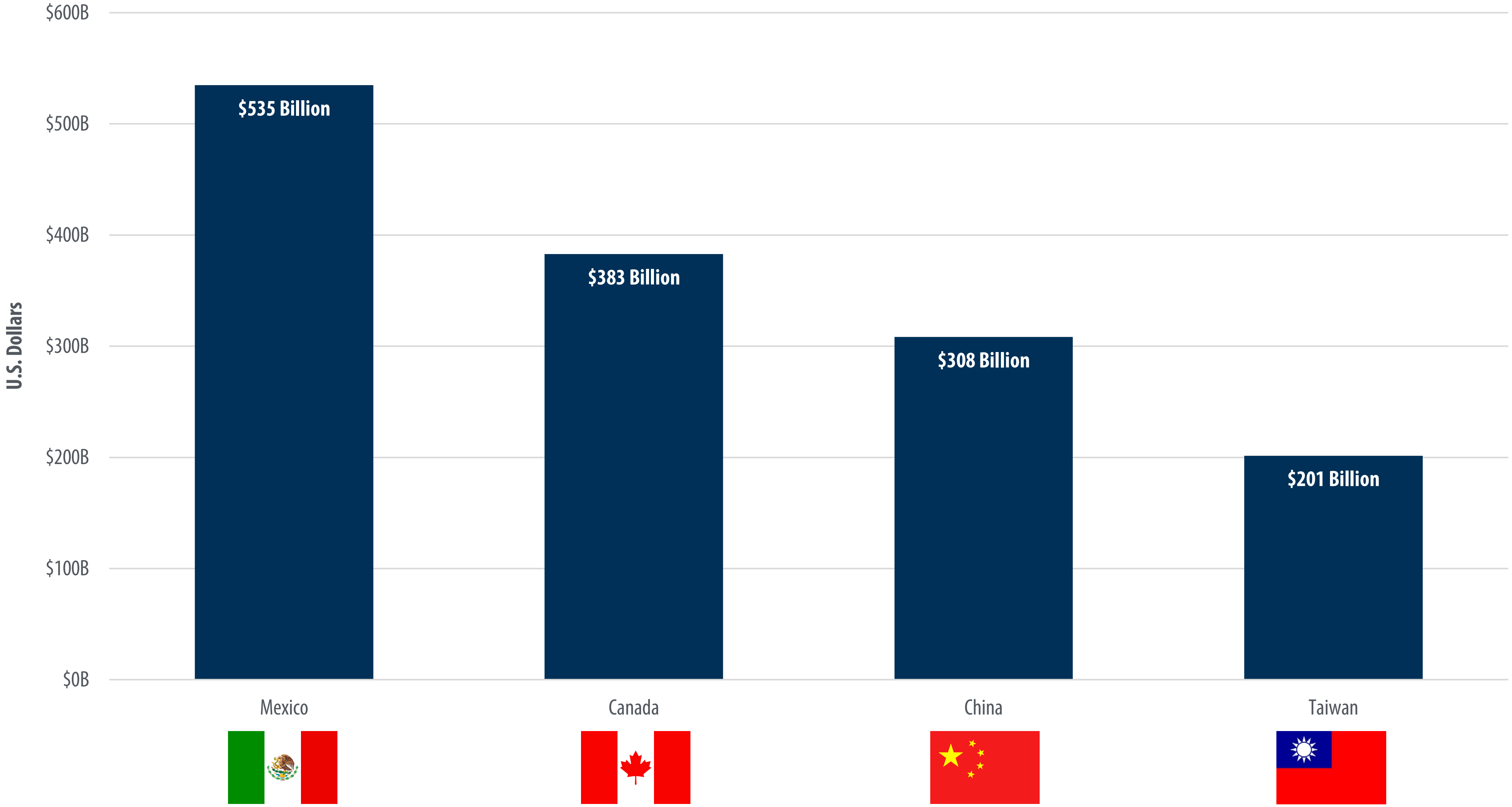
In recent years, there has been a major shift in U.S. trade patterns, and with new tariffs on China, this trend is expected to continue. China was once the top exporter to the U.S., but now Mexico holds the top spot with China falling to number three behind Canada. Taiwan looks to be on track to overtake China in 2026, following a sharp climb from eighth place to fourth in 2025.

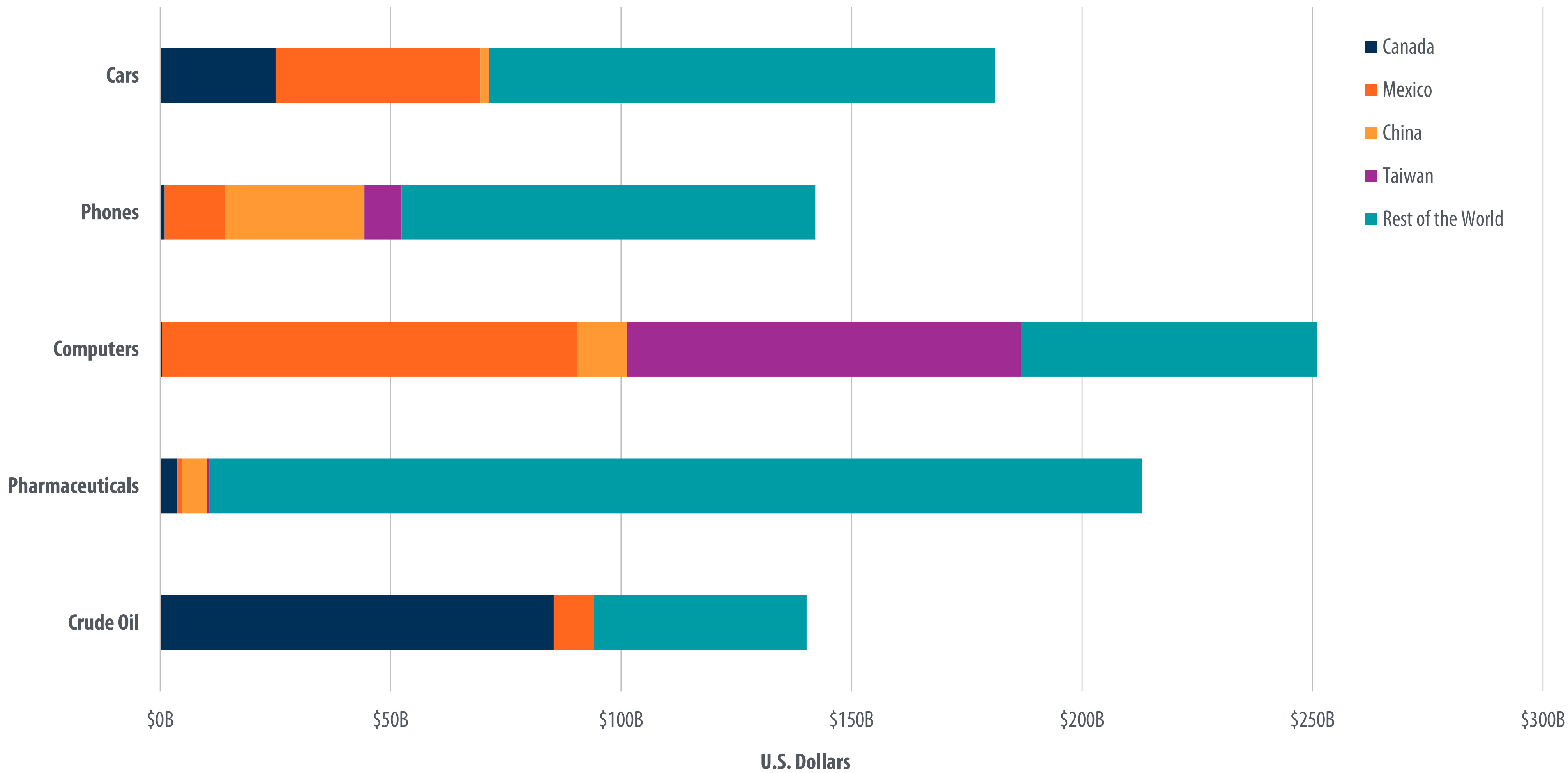


Source: First Trust, U.S. Census Bureau, U.S. Department of Commerce. 2025 data.

Value of U.S. Top 5 Imported Products

By Type of Product and Country of Origin

Mexico and Taiwan have overtaken China as key sources of U.S. technology imports (computers and phones), while Canada remains the largest trading partner for crude oil imports.



Source: First Trust, U.S. Census Bureau. 2025 data.

Exports as Share of GDP – U.S. & Top 5 Trade Partners

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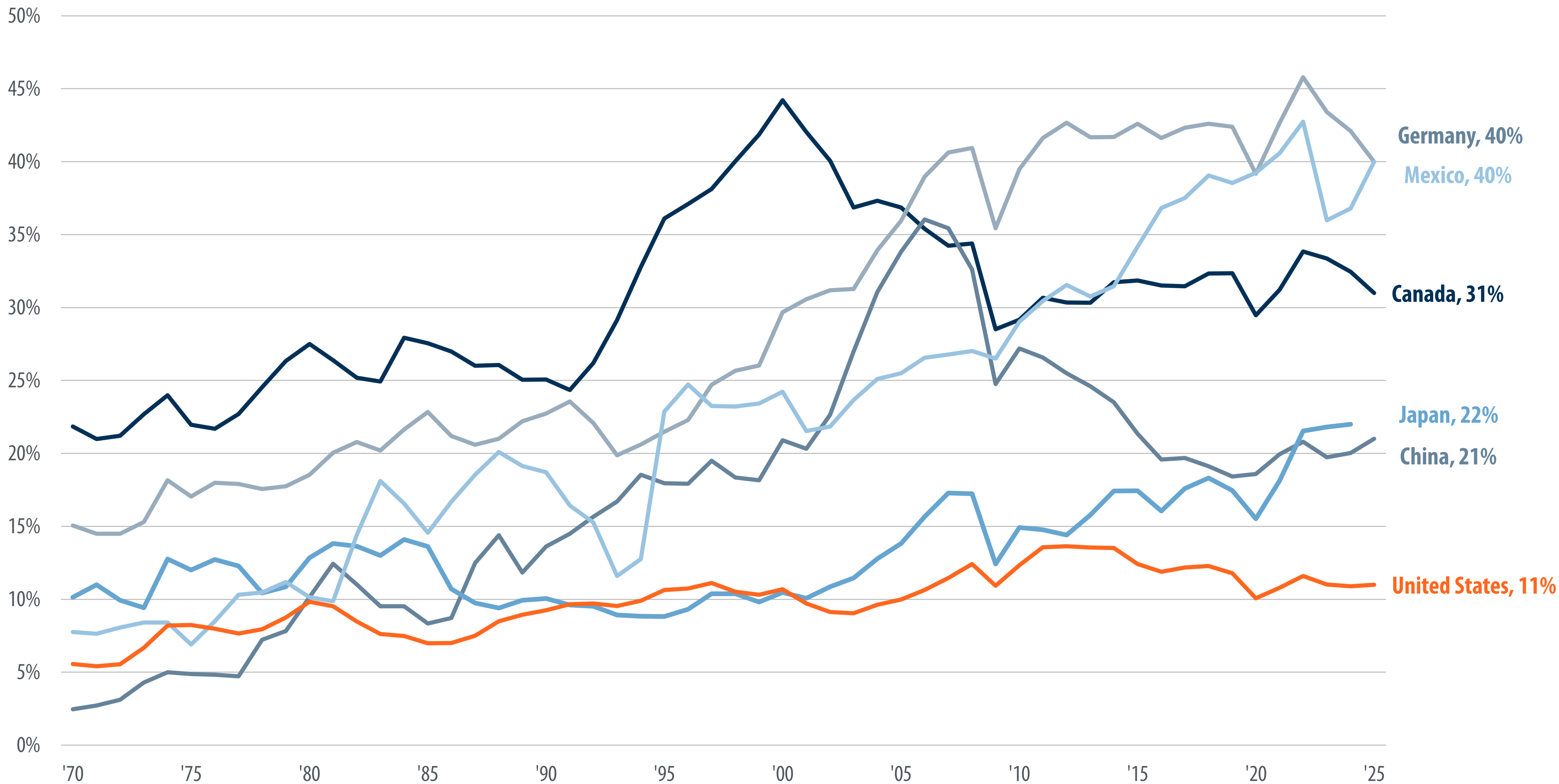
This chart illustrates that U.S. exports are a smaller share of GDP compared to its top five trade partners, which rely more on exports for economic growth.



Source: First Trust, World Bank Group. 2025 data except Japan which is 2024 data (latest available).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