Press Release

Who Pays for the Tariffs? Evidence Indicates Americans Do

ANDREW EVANS | JULY 1, 2019

President Trump has imposed tariffs on over $250 billion in imports from China, and while American importers pay the levies, the president claims that the Chinese are ultimately footing the bill. But is he right?

AAF’s Director of Trade and Immigration Policy Jacqueline Varas examines the arguments and data and concludes that American consumers and businesses are bearing the full cost of the tariffs.

Her key points:

- The Chinese could offset the value of the tariffs by subsidizing their companies, but data indicate that any new subsidies were likely not imposed because of the tariffs and are not enough to offset them, and further, prices are not falling much, if any;
- The Chinese could offset the value of the tariffs by devaluing their currency, but the bilateral exchange rate has remained relatively unchanged; and
- Research instead shows that the costs of tariffs thus far have been completely passed on to U.S. consumers, raising prices in affected sectors and harming the economy by depressing both imports and exports.

Read the analysis.