

The Big Read Trump tariffs

Is corporate America already souring on Trump?



Optimism at the prospect of tax cuts and lighter regulation has given way to anxiety over trade policies

Guy Chazan, Amanda Chu and Joshua Franklin in New York YESTERDAY

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For President Donald Trump, tariffs are a way of protecting American industries and safeguarding national security. For Tracy Skupien, they are a calamity that has pitched her company into crisis.

Skupien is director of operations at Tompkins Products, a small family business in Detroit which takes imported cold drawn aluminium bar and turns it into transmission valves and other components for the US auto industry.

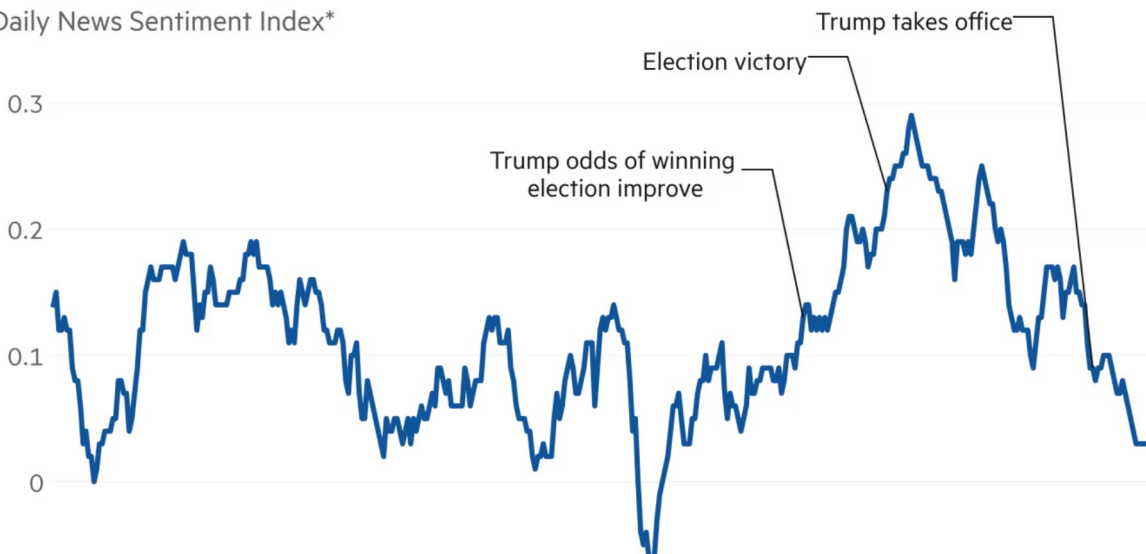
Last week's move by Trump to impose a 25 per cent tariff on all imports of steel and aluminium will make Tompkins' main input a lot more expensive — unless she can source everything she needs from her one US supplier, a big ask at such short notice.

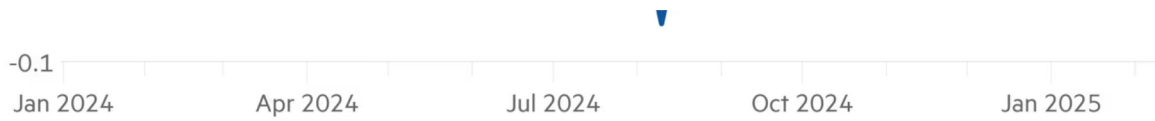
“Obviously there's no way I can absorb such a massive increase in the price of my material,” she says. “That's just not feasible.”

More levies might be on the way. Trump placed additional tariffs on China on February 4 and sweeping 25 per cent tariffs on Canada and Mexico are also pending. On Thursday, he announced a plan for new, “fair and reciprocal” measures on trade that could see [tariffs](#) raised on a broader range of countries.

A rise and fall in US economic sentiment towards Trump and his win

Daily News Sentiment Index*





*a high-frequency measure of economic sentiment based on lexical analysis of economics-related news articles
 Source: Federal Reserve Bank of San Francisco

Across the US, businesspeople are warning that this new [trade war](#) could drive up costs, disrupt supply chains and hurt profits — and make a whole range of products more expensive for American consumers.

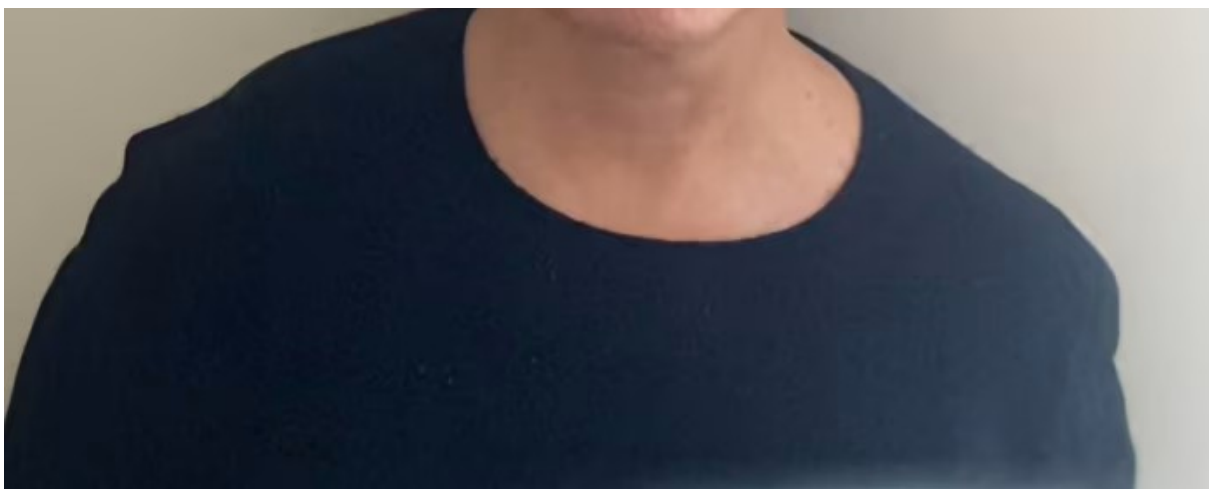
Jim Farley, chief executive of Ford, said the impact on the automotive sector would be catastrophic. “Long term, a 25 per cent tariff across the Mexico and Canadian border would blow a hole in the US industry that we have never seen,” he told a conference on Tuesday.

Even one of Wall Street’s biggest Republican donors felt compelled to speak out. The “uncertainty and chaos” created by Trump’s trade moves against the US’s closest allies will end up being “an impediment to growth”, Ken Griffin, the billionaire founder of hedge fund Citadel, told a conference on Tuesday.

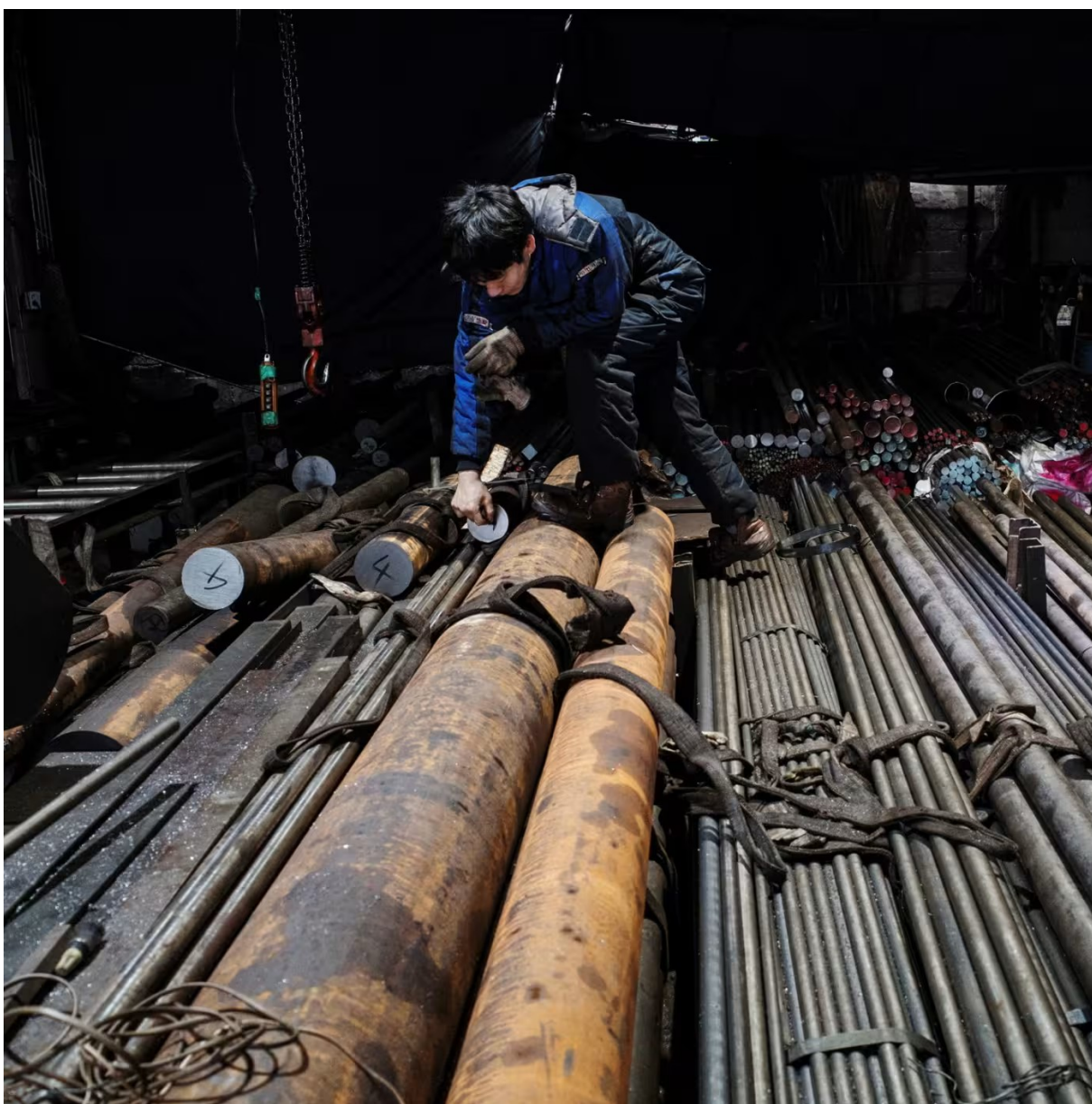
Trump’s “bombastic rhetoric” had “sear[ed] into the minds of CEOs and policymakers: we can’t depend upon America as our trading partner,” he added.

Trump’s election victory last November unleashed a wave of enthusiasm on both Wall Street and Main Street, with the dollar surging and stocks hitting record highs as investors bet on stronger economic growth, less regulation and lower taxes.





Tracy Skupien says there is no way her small family business Tompkins Products can absorb the massive increase in the price of aluminium, and customers are resisting paying more © Tracy Skupien



She says rival manufacturers in South Korea can buy steel and aluminium tariff free and then export finished products to the US, undercutting her products © Anthony Wallace/AFP/Getty Images

But there are indications that large swaths of [corporate America](#) are already beginning to sour on Trump, as concerns grow about the negative economic impact of his trade and immigration policies.

Executives worry that Trump’s import tariffs will hit their businesses, his crackdown on undocumented immigrants will worsen an already acute labour shortage and his radical overhaul of government will severely disrupt the smooth functioning of the federal bureaucracy.

“The initial euphoria we saw in January over a pro-business president is giving way to consternation,” says Jeffrey Sonnenfeld, senior associate dean for leadership studies at the Yale School of Management.

Some business leaders say the gloom is overdone. David Solomon, chief executive of Goldman Sachs, said this week that market participants were still “excited” by some of Trump’s policies, particularly the prospect of a “more growth-oriented agenda” that will “spur investment”.

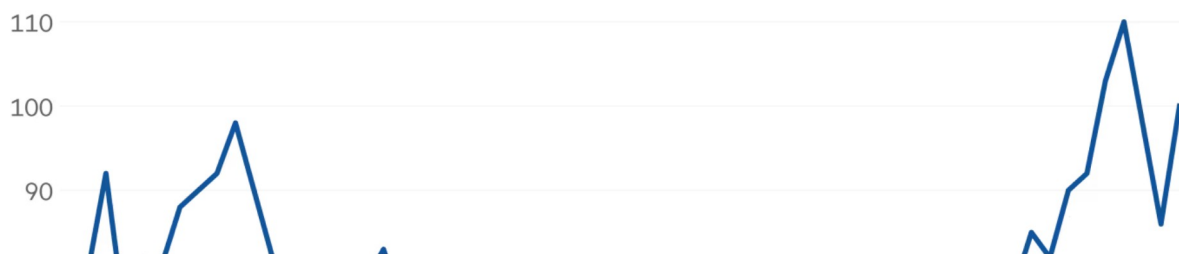
The administration’s moves to reduce regulation would, he told a banking conference on Tuesday, “unleash . . . animal spirits”.

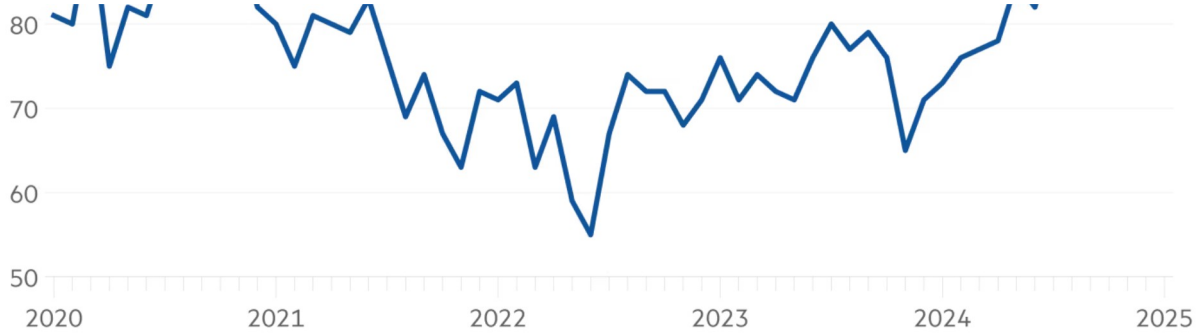
The oil industry, a major donor to the Trump campaign, has also praised the president’s blizzard of executive orders seeking to unlock new oil and gas supplies and sweep away Biden-era regulations that drillers say increased their costs and restricted activity.

“It’s good to see an administration that is intent on leveraging and encouraging American energy abundance,” Mike Wirth, chief executive of US oil major Chevron, told analysts on an earnings call late last month. “So I think it’s a more balanced approach.”

US small businesses are increasingly uncertain about the future

NFIB Uncertainty Index, sum of 'uncertain' and 'don't know' answers on six questions*





*Seasonally adjusted 1986 = 100

Source: National Federation of Independent Business

But as well as praising the new administration, Goldman's Solomon also acknowledged that the "broad policy landscape" was "still uncertain", especially when it came to Trump's plans for immigration, tax, trade and energy. "There's a lot of policy that is shifting, and until we have more certainty on that policy, that's going to create a little bit of volatility," he said.

In private conversations, some Wall Street executives go much further. One senior investment banker says the disorder and unpredictability of Trump's actions — and those of Elon Musk, the billionaire Tesla chief who has become one of his most senior lieutenants — were greater than many business leaders had anticipated.

"With hindsight we did not appreciate the nature of what the administration was going to be like," the banker says. "I do believe they are hurting their stated objectives of peace and prosperity."

Indeed, animal spirits are as yet in short supply. US dealmaking suffered its worst start to a year in a decade, as Trump's bellicose trade rhetoric sent a chill through boardrooms: the overall number of US mergers and acquisitions plunged nearly 30 per cent in January to 873 deals, compared with a year ago, the lowest level since 2015, according to data from LSEG.

Meanwhile, the National Federation of Independent Business's Uncertainty Index rose 14 points to 100 — the third highest recorded reading. Consumer sentiment also fell by about 5 per cent, according to the University of Michigan monthly consumer sentiment index — its lowest reading since last July. The survey also noted a "12 per cent slide in buying conditions for durables, in part due to a perception that it may be too late to avoid the negative impact of tariff policy".

Sentiment has not been helped by data released this week that showed inflation rising to 3 per cent in January, fuelling concerns among economists that the world's largest economy was heating up again.



Ken Griffin, Citadel founder and a Republican donor, told a conference that the 'uncertainty and chaos' around tariffs would be 'an impediment to growth' © Apu Gomes/Getty Images





Goldman CEO David Solomon acknowledged the 'broad policy landscape' was 'still uncertain', but said a more growth-oriented agenda' would 'spur investment' © Paul Yeung/Bloomberg

Trump, who entered the White House less than a month ago, can hardly be blamed for higher inflation. But there are fears his trade policy could end up driving up prices, as well as stoking tensions with allies and partners.

Businesspeople had largely dismissed his campaign talk of tariffs as bluff and bluster: at most, they would be a negotiating ploy to win concessions on trade, they thought. That has been exposed as wishful thinking.

“All the trade policy attacks are on our allies rather than our adversaries, and that has CEOs really worried,” says Sonnenfeld. “Trump was elected on the economy and they now see the economy to be in jeopardy.”

The dilemma for business leaders is whether to suffer in silence, or risk antagonising the White House by speaking up.

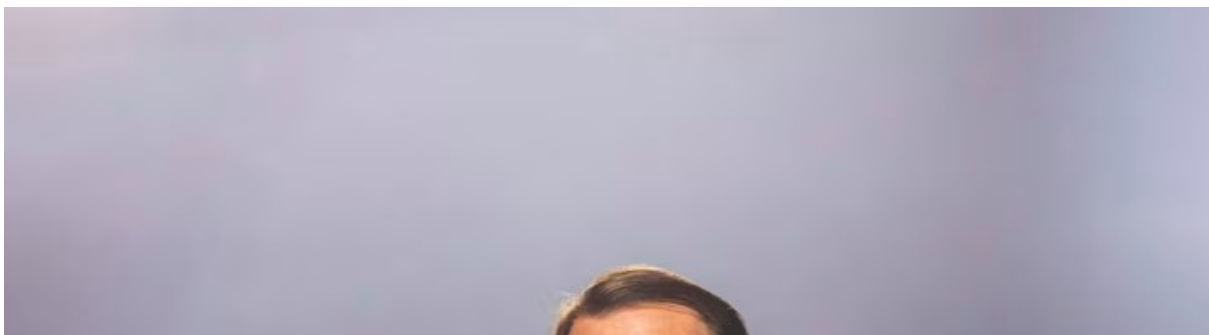
Ford’s Farley was one of the few to raise their voice, saying that a proposed tariff regime apparently intended to boost American industry would in fact be a boon for its rivals.

“Frankly it gives free rein to South Korean and Japanese and European companies,” he said. “They’re bringing 1.5-2mn vehicles into the US that wouldn’t be subject to those Mexican and Canadian tariffs. So . . . it would be one of the biggest windfalls for those companies ever.”

Skupien, of Tompkins Products, echoes Farley's fears. Her company has competitors in South Korea and Spain who can buy aluminium in their countries tariff-free, make the same products as Tompkins and freely import them into the US. "The same metal is coming into the US, but as a finished product — and hence, no tariff," she says. "So now we're uncompetitive."



US auto manufacturers like Ford will be competing with South Korean, Japanese and European companies that won't be subject to the Mexican and Canadian tariffs © Carlos Osorio/AP





Ford chief Jim Farley said the proposed tariff regime, apparently intended to boost American industry, would be 'one of the biggest windfalls for [rival] companies ever' © Bill Pugliano/Getty Images

She does have one US supplier of aluminium who could step up, she says, but switching to them lock, stock and barrel involves “long lead-times”. Meanwhile, customers have pushed back strongly against her attempts to offset the cost of the import levies by hiking the price of Tompkins’ products.

“They say: the supply issue is your problem, not mine,” she says. They might make concessions on price in the end, but “it’s going to be a bloodbath”.

Complaints like Skupien’s are being heard across the industry. The Coalition of American Metal Manufacturers and Users, a trade body, warned on Tuesday that imposing tariffs on steel and aluminium without a workable exclusion process “puts US manufacturers directly in harm’s way”.

It is not only tariffs clouding the picture for some American businesses. The automotive sector has also been rattled by Trump’s change of policies on electric vehicles, with the White House warning it will axe tax breaks and federal support for the rollout of charging networks.

Desmond Wheatley, chief executive of Beam Global, a San Diego-based EV charging company, said the flurry of executive orders targeting EVs and renewables more

company, said the flurry of executive orders targeting EVs and renewables more broadly had damaged investor confidence in the sector. “The Kryptonite for investors is uncertainty,” he told the Financial Times late last month.

The fate of Joe Biden’s Inflation Reduction Act, which has helped attract over \$400bn in clean investment and hundreds of thousands of committed jobs, is also at risk as Republican members of Congress scramble to draft a budget to fund Trump’s priorities.



Robert Blue of Dominion Energy says its planned wind turbines would power data centres and were ‘critical to continuing US superiority in AI and technology’ © Aaron M. Sprecher/Bloomberg





Some of the US's most ambitious renewable energy schemes are now in doubt, among them Dominion Energy's Coastal Virginia Offshore Wind Project, the largest of its kind in the country © AP

The president made those priorities clear in his first week of office as he ordered a moratorium on offshore wind approvals and reviews of existing wind leases, and paused hundreds of billions of dollars of loans and grants for green energy.

Some of the US's most ambitious renewable energy schemes are now in doubt, among them Dominion Energy's Coastal Virginia Offshore Wind Project, the largest of its kind in the country.

Robert Blue, Dominion's chief executive, warned in an earnings call this week that pulling the plug on the project would drive up electricity prices. "Stopping it would be the most inflationary action that could be taken with respect to energy in Virginia," he said.

The wind turbines Dominion plans to build would power data centres and as such were "critical to continuing US superiority in AI and technology". The project was "creating American jobs," he added.

Skunien bemoans a policy that was designed to bring industrial production back to

Skripich demands a policy that was designed to bring industrial production back to the US — a goal she says is laudable — but has ended up hurting domestic manufacturers like Tompkins.

“We’re squeezed between Ford and General Motors and Toyota on the one hand and the US government on the other,” she says. “And all we’re trying to do is keep the lights on.”

Additional reporting by Amelia Pollard, Claire Bushey, Jamie Smyth and Will Schmitt

Data visualisation by [Ray Douglas](#)

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