Opinion **US trade**

# Is Trump winning the tariff wars?

Time to tot up the scores

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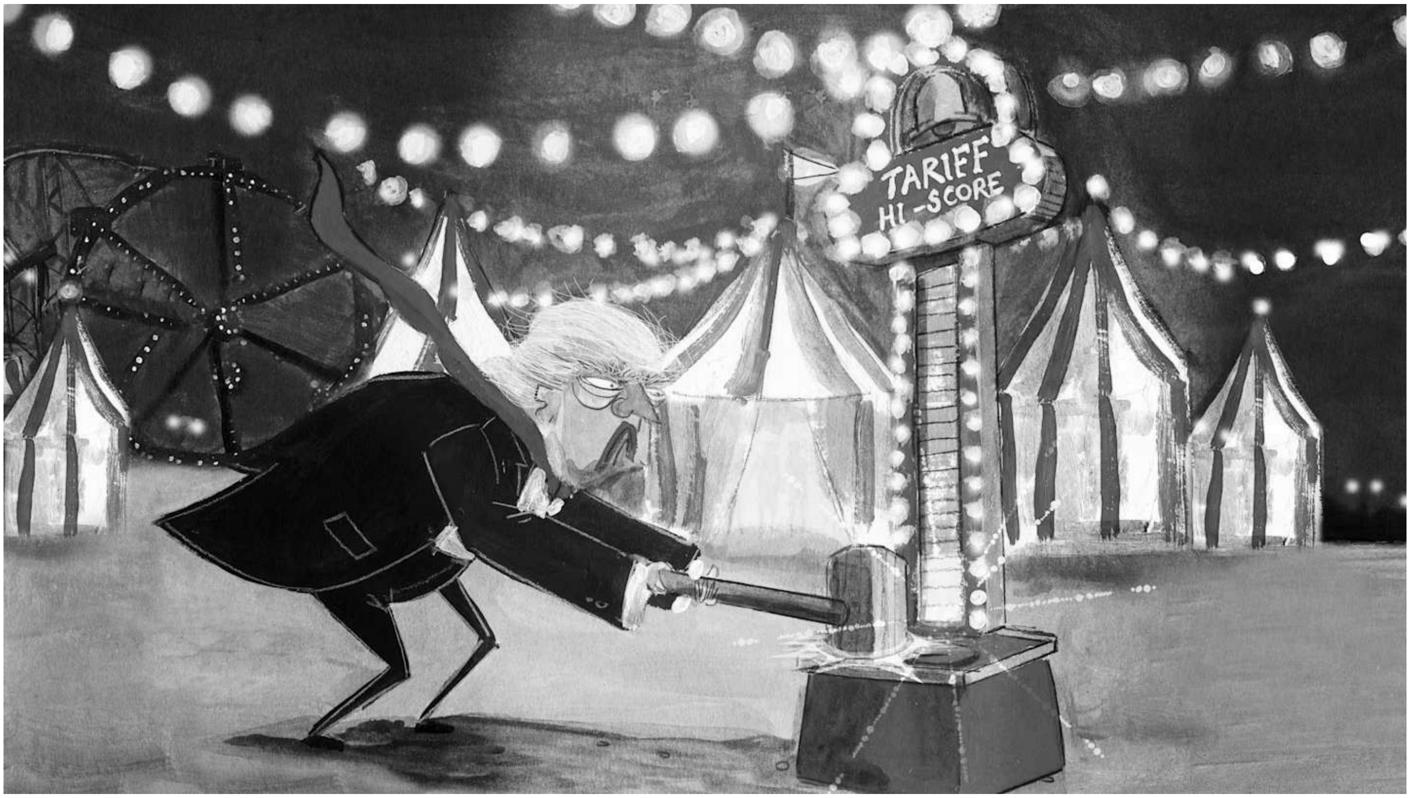


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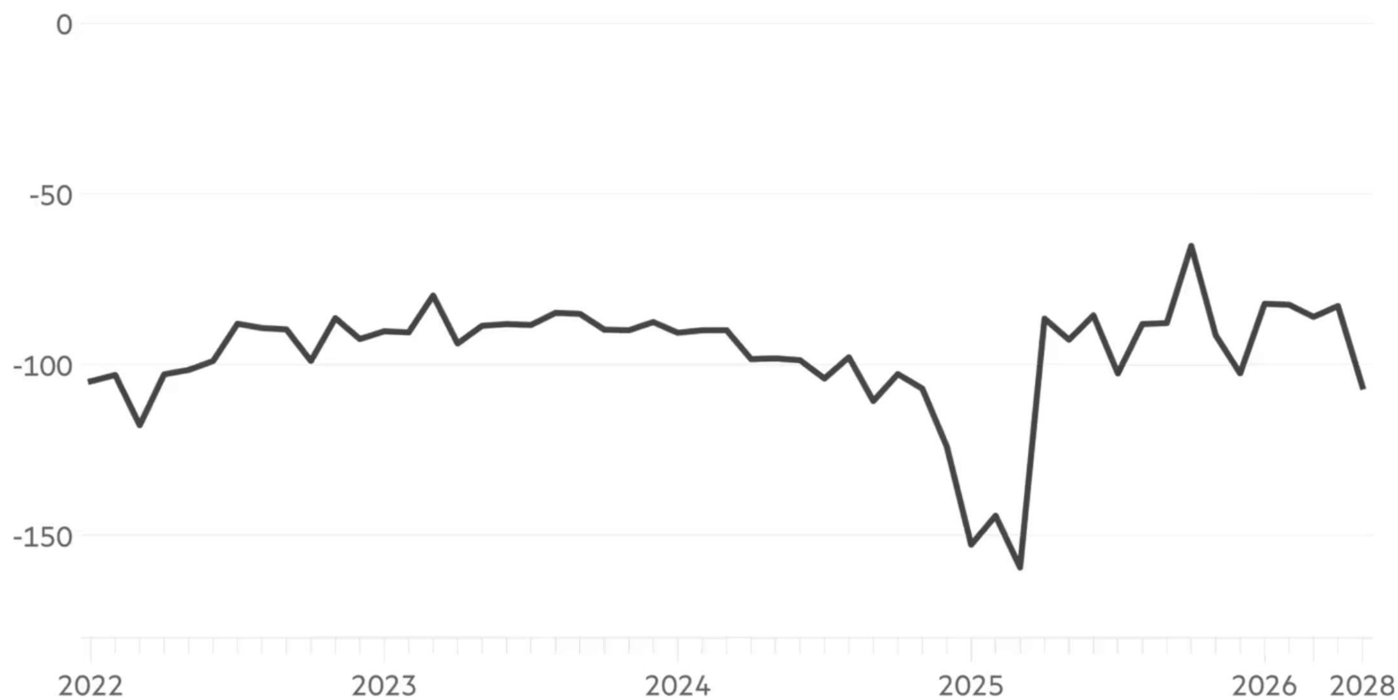
Most of the world might have tired of American tariff wars a long time ago, but the Trump administration is buzzing with energy. Over recent weeks it has announced punitive tariffs on imports from Brazil, brandished new trade weaponry at Canada and readied replacement levies of between 10 and 12.5 per cent on 60 trading partners. So much fighting. Is any of it generating results?

On some obvious metrics, not really. The public seems sceptical; around six in ten Americans lack confidence in Donald Trump's trade policy decisions. Despite some promising investment announcements, manufacturing is not booming. The goods trade deficit has shrunk recently, but only because last year it ballooned as importers raced to beat incoming tariffs. Ignoring those distorted months, it has barely budged.

## Tariffs haven't obviously crushed the US goods trade deficit

Monthly trade deficit, $bn




Source: Bureau of Economic Analysis

The tariffs have delivered some revenue, though less since the Supreme Court ruled some illegal. Refunds aside, in June they raised $24bn, or about 5 per cent of government tax receipts. Admittedly, that puts the US in unusual company. Of the high-income countries that are as or more reliant on import taxes for revenue, many are small islands like Barbados or the Bahamas, which value them for their administrative convenience.

On other indicators, performance is more mixed. Tariffs have clearly squeezed concessions from some trading partners, sending the message that bullying can work when your interests are narrow, your targets depend on your market, or when the fear of losing your security umbrella is intense. Or also when your target *seems* big, but in fact is 27 squabbling member states dressed in one large coat.

Critics argue that since the administration isn't trying to negotiate tariffs back to zero — and US trading partners appear to have accepted a new, higher baseline — the president is trying to hurt other countries by punching Americans in the face. Although in theory foreigners might lower their prices to retain access to the US market, economists have mostly struggled to find evidence of this.

Some recent studies have added important nuance to this take. One published in February argued that in fact exporters to the US have taken quite a big hit. Trump's tariffs in 2018 and 2019 in his first administration crushed volumes and increased costs, which all else equal should have pushed up prices. The fact that they didn't rise means exporters bore around 60 per cent of the tariff burden. To be clear, this doesn't mean that Americans were winning, just that foreigners were losing too. (For Trump, that might count.)

Another study of last year's tariffs confirmed that where US importers continued to buy the same items from the same place, prices didn't budge after tariffs came into effect. But when importers switched suppliers, an 8 percentage point increase in tariffs was associated with a roughly 5 per cent drop in pre-tariff import prices. Again, this isn't necessarily a win. Around half seems to be because buyers substituted towards worse-quality stuff. (My own hunch is that some was fraud.)

What of the goal of nudging US buyers away from a dominant and potentially hostile supplier? As the relative tariff on Chinese imports rose to stratospheric levels last spring, direct imports from China dropped dramatically. Then, as the relative tariff rate on Chinese imports fell, the switch persisted. Whereas China's share of US imports was 13 per cent in 2024, in the 12 months to May 2026 its share was below 8 per cent.

## China’s share of direct US imports fell dramatically in 2025 and didn’t recover

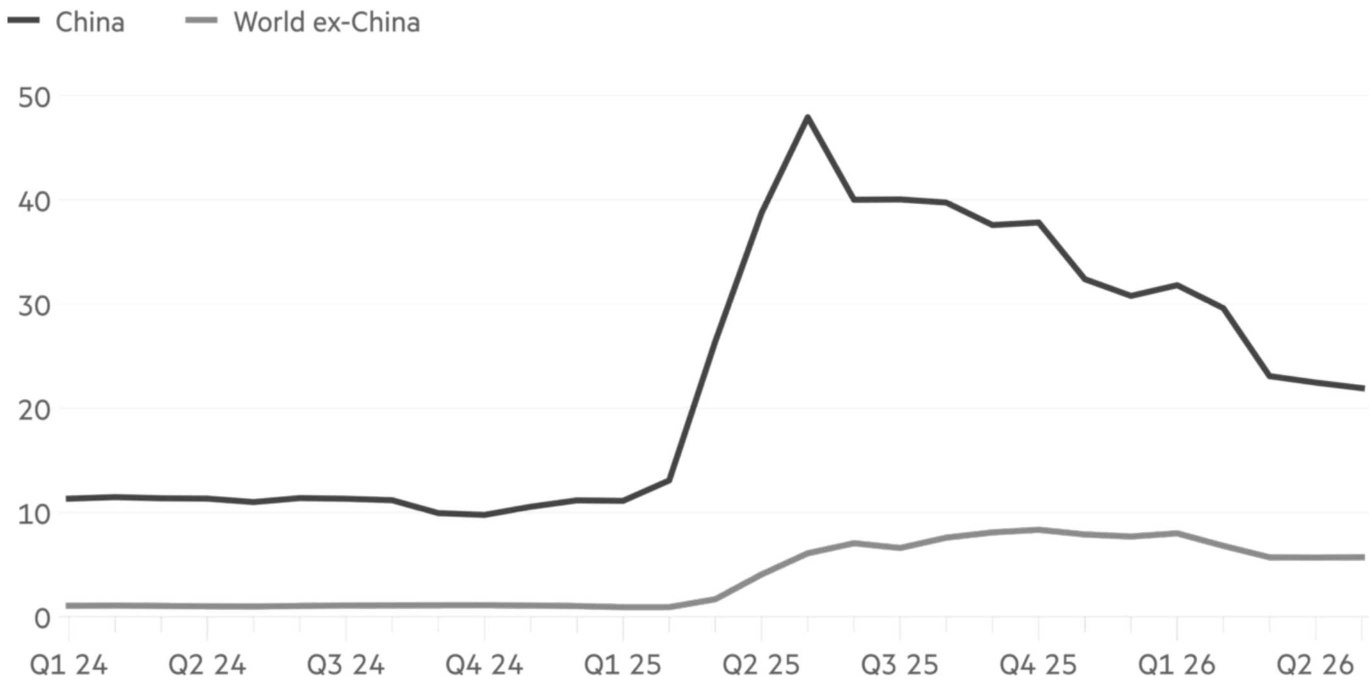
China share of US imports, per cent


Source: US International Trade Commission

The switch was strongest in electronics including smartphones and laptops, though it’s unclear how much of the related supply chain moved too. Experience shows assembly operations can be moved relatively easily to Vietnam or Mexico, but dependencies on China’s formidable manufacturing clusters are harder to budge.

## Applied tariffs on US imports from China relative to the rest of the world surged and then fell

Applied tariff rates by import source, per cent




Source: US International Trade Commission

A final metric is one that stressed US importers may find distasteful: oomph. Here Trump had been scoring increasingly poorly. Even before the Supreme Court ruled his "liberation day" tariffs illegal, he would occasionally make pronouncements on social media that never came to pass. Afterwards, questions over his legal authority meant he increasingly resembled a grandpa shaking his fist at some clouds.

In effect, the court ruling transferred a bit of power away from the president and towards the more lawyerly types at the US Trade Representative. That doesn't mean the administration has become cuddlier. Trade policy as a coercive weapon is clearly here to stay. But it is becoming more deliberate and probably more targeted, which, unfortunately for Trump's trading partners, means it will pack more of a punch.

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