



State of Tariffs: March 9, 2026

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Key Takeaways

1

The Budget Lab (TBL) estimates the effects of all US tariffs and foreign retaliation implemented through March 9 2026, including the 10% Section 122 tariffs and the elimination of IEEPA-based tariffs. Under our baseline case, the Section 122 tariffs expire after 150 days, but this report also presents estimates for a scenario where they are made permanent.

2

Current Tariff Rate: Before the IEEPA tariffs were struck down, consumers faced an overall average effective tariff rate of 14.3%, the highest since 1939. Immediately following the IEEPA ruling, the rate fell to 7.3%. After the Section 122 tariffs were imposed, the rate rose to its current level of 10.5%, the highest since 1943 (excluding 2025). If those tariffs expire in 150 days, the rate will fall again to 7.3%.

3

Overall Price Level & Distributional Effects: TBL assumes the Federal Reserve “looks through” the tariffs and allows prices to rise such that the tax burden is felt through prices rather than nominal incomes. If Section 122 tariffs expire as scheduled, the ultimate price level impact will be between 0.3% and 0.4%, representing a loss of between \$450 and \$570 for the average household. (If they are instead made permanent, the price impact would be between 0.6% and 0.7% and the household loss figure would be \$770 and \$940).

4

Macro Effects: On a year-over-year basis, the 2026 economy benefits from lower tariff rates this year compared to last year. In the long run, the US economy is persistently 0.07% smaller, the equivalent of about \$20 billion annually in 2025 dollars. (If Section 122 is extended, the long-run hit is about twice as large.)

5

Long-Run Sectoral GDP & Employment Effects: In the long run, tariffs present a trade-off. US manufacturing output expands by 0.7%, but these gains are more than crowded out by other sectors: construction output contracts by 1.7% and mining declines by 0.8%. (These effects are directionally similar and larger if Section 122 is extended.)

6

Fiscal Effects: Assuming Section 122 tariffs expire in 150 days, the administration's tariffs will raise about \$900 billion over 2026-35, though slower economic growth reduces revenues and brings the net dynamic revenue to \$830 billion. (If they are instead made permanent, these figures would be \$1.6 trillion and \$1.5 trillion.)

Changes Since the Last Report

This report reflects several changes since our updated published on [February 21](#):

- **Section 122 rate.** Our last report assumed that, following indication from the President’s social media account, the Section 122 rate was raised from 10% to 15%. As of the time of this writing, the administration has taken no such official executive action. Therefore, this report assumes the Section 122 rate is 10%, not 15%. We do, however, present summary numbers for a 15% rate scenario in Table 1.
- **Modeling changes.** Since our last report, we have made three major changes to our [underlying models](#) affecting the results of our analysis:
 - **New short-run macro model.** Prior to this update, the short-run output and employment numbers in our *State of Tariffs* reports were based on a now-defunct macroeconomic forecasting model called MAUS. We now use [USMM](#), the model that TBL typically uses to [estimate the impacts of fiscal policy](#). The impact of this change is that our near-term macroeconomic estimates of tariffs tend to be somewhat more muted. See the Appendix for more details.
 - **Metal content assumptions.** Prior to this update, our model did not distinguish between primary metal products and metal derivative products, the latter of which is only taxable under Section 232 up to the metal content fraction of its value. We have since estimated the metal content fraction of each derivative product using industry/commodity input-output tables from the Bureau of Economic Analysis.
 - **Explicit modeling of baseline policy.** Prior to this update, our calculations of effective tariff rates worked by estimating the *change* from pre-2025 baseline effective rate rates. To get the *level* for effective rates, we then added that change to the baseline effective rate. We have since explicitly incorporated baseline tariff policy into our product-country calculations.

This report also temporarily suspends the reporting of our commodity price impact estimates. TBL is working on an improvement to that methodology to be released in the next update.

We analyze two scenarios for tariff policy: one where Section 122 expires at the end of 150 days as scheduled, and another where it is extended. Both scenarios assume that the invalidated IEEPA duties are refunded to importers over the course of 2026.

Current Tariff Policy as of March 09, 2026

Broad Tariffs under Section 122 Authority

Parameter	Details
Rate	10% flat rate
Exemptions	Certain critical minerals, energy products, agricultural goods, pharmaceuticals, electronics, etc.

Product-Specific Tariffs under Section 232 Authority

Sector / Product	Current Tariff Rate
Steel	50%
Aluminum	50%
Copper	50%
Automobiles	25%
Auto parts	25%
Medium/heavy trucks & buses	25% on trucks/parts; 10% buses
Lumber/wood products	10-25%

Section 232 tariffs are assumed to preempt Section 122 for all countries where they overlap.

Table: The Budget Lab • Created with [Datawrapper](#)

Results

Table 1. Summary Economic & Fiscal Effects of Trump Administration Tariffs

		— 10% Section 122 —		- 15% Section 122 -		
	Policy Before SCOTUS Ruling	Policy Immediately Following SCOTUS Ruling (No IEEPA or Section 122)	Expires in 150 Days	Extended After 150 Days	Expires in 150 Days	Extended After 150 Days
Effective Tariff Rates at the End of 2026						
Overall, Pre-Substitution	14.3%	7.3%	7.3%	10.5%	7.3%	12.1%
Overall, Post-Substitution	11.6%	6.2%	6.2%	9.1%	6.2%	10.4%
Fiscal						
Conventional Revenue, 2026-2035 (Trillions)	\$2.32	\$0.88	\$0.90	\$1.61	\$0.91	\$1.89
Dynamic Revenue, 2026-2035 (Trillions)	\$2.10	\$0.81	\$0.83	\$1.49	\$0.84	\$1.73
Prices in the Medium Run						
Percent Change in PCE Price Level, pre-substitution	1.0%	0.4%	0.4%	0.7%	0.4%	0.8%
Percent Change in PCE Price Level, post-substitution	0.8%	0.3%	0.3%	0.6%	0.3%	0.7%
Average Household Real Income Loss, Pre-Substitution (2025\$)	\$1,380	\$572	\$572	\$943	\$572	\$1,128
Average Household Real Income Loss, Post-Substitution (2025\$)	\$1,046	\$452	\$452	\$774	\$452	\$903
Output and Employment						

	Policy Before SCOTUS Ruling					
Percentage Point Change in Q4-Q4 GDP Growth, 2026	0.2	0.3	0.3	0.3	0.3	0.2
Percent change in Q4 2026 GDP	-0.19%	0.02%	0.00%	-0.07%	0.00%	-0.12%
Percent change in long-run GDP	-0.25%	-0.07%	-0.07%	-0.13%	-0.07%	-0.18%
Percentage Point Change in the Unemployment Rate, End of 2026	0.21	0.03	0.04	0.11	0.04	0.16

Table: The Budget Lab • Source: Congressional Budget Office, S&P Global, GTAP v7 [Corong et al (2017)], GTAP-RD, The Budget Lab analysis. • Created with [Datawrapper](#)

Average effective tariff rate

The distinction between pre-substitution metrics (before consumers and businesses shift purchases in response to the tariffs) and post-substitution (after they shift) is a crucial one. One metric where the difference is meaningful is the average effective tariff rate.

Measured pre-substitution—assuming there are no shifts in the import shares of different countries and products—current tariff policy, while the Section 122 tariffs are in effect, represents the equivalent of an 8.1 percentage point increase in the US average effective tariff rate. That calculation assumes that, for example, the share of imports from China remains at recent historical levels. A pre-substitution approach is a good measure of welfare, since it reflects the full cost faced by consumers before they start making difficult spending choices. This increase would bring the overall US average effective tariff rate to 10.5%, the highest since 1943, excluding last year’s tariff rates.

Post-substitution—after imports shift in response to the tariffs—the current tariffs generate a 6.8 percentage point increase in the US average effective tariff rate, which brings the overall US effective tariff rate to 9.1%.

If the Section 122 tariffs expire in 150 days as scheduled, the effective tariff rate will then be 7.3%, the highest since 1967 (6.3% post-substitution). Figure 1 shows this scenario.

Figure 1. US Average Effective Tariff Rate Since 1790

Customs duty revenue as a percent of goods imports

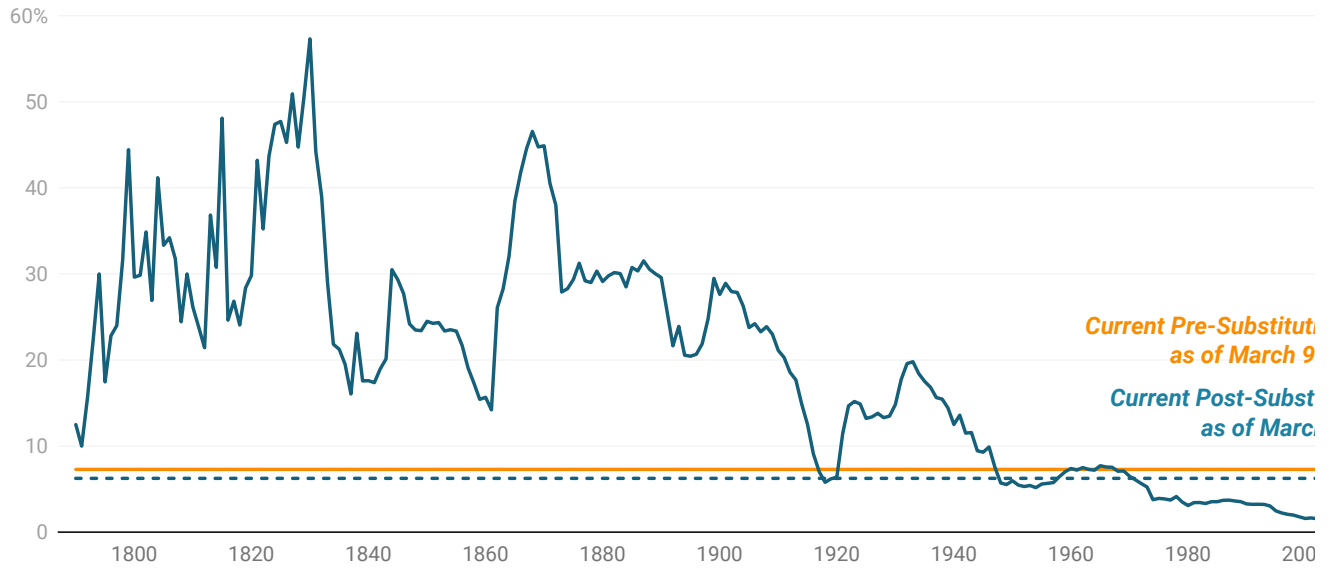


Chart: The Budget Lab • Source: Historical Statistics of the United States Ea424-434, Monthly Treasury Statement, Bureau of Economic Analysis, The Budget Lab analysis. • Created with [Datawrapper](#)

Table 2. Average Effective US Tariff Rate at the End of 2026, Trump Administration Tariffs

Change from baseline, pre- and post-substitution

	Average Effective Tariff Rate Increase		— Share of Goods Imports —		— Contribution —	
	Pre-Substitution	Post-Substitution	Pre-Substitution	Post-Substitution	Pre-Substitution	Post-Substitution
Section 122 Expires						
China	6.7	5.1	13%	12%	0.9	0.6
Canada	4.5	3.0	13%	13%	0.6	0.4
Mexico	8.2	7.3	16%	15%	1.3	1.1
Rest of World	3.7	3.1	58%	59%	2.2	1.9
Total	4.9	4.0	100%	100%	4.9	4.0
Section 122 Extended						
China	11.8	10.5	13%	11%	1.6	1.2
Canada	5.0	3.3	13%	14%	0.6	0.5
Mexico	9.0	8.1	16%	17%	1.4	1.3
Rest of World	7.7	7.0	58%	57%	4.5	4.0
Total	8.1	7.1	100%	100%	8.1	7.1

Table: The Budget Lab • Source: Source: GTAP v7, The Budget Lab analysis. • Created with [Datawrapper](#)

Average Aggregate Price Impact

The current tariff regime implies an increase in consumer prices of 0.4% in the short run, assuming full passthrough of tariffs to consumers and assuming that the Section 122 tariffs expire. If these tariffs are instead extended, this figure is about 0.7%. These pre-substitution numbers capture consumer welfare effects and are the equivalent of a loss of income of about \$570 (expiration) or \$940 (extension) per household on average in 2025 dollars.

Under expiration of the Section 122 tariffs, the post-substitution price increase settles at 0.3%, a \$450 loss per household. (If extended, these figures are roughly 0.6% and \$770.)

US Macroeconomic Effects

TBL estimates that, all else equal, the current tariff regime has reduced GDP and increased unemployment slightly. While the *level* of output in 2026 is lower than it would have otherwise been if the pre-2025 tariff regime had been maintained, tariffs are increasing the *growth rate* of output in 2026 as the economy recovers somewhat from the large shock in 2025. The level of real GDP remains persistently 0.07% to 0.13% smaller in the long run, depending on the

duration of Section 122 tariffs. Our modeling suggests any economic boost associated with refunds of IEEPA tariffs to businesses will be small.

Figure 2. US Real GDP Level Effects of Trump Administration Tariffs

Percentage point change against baseline

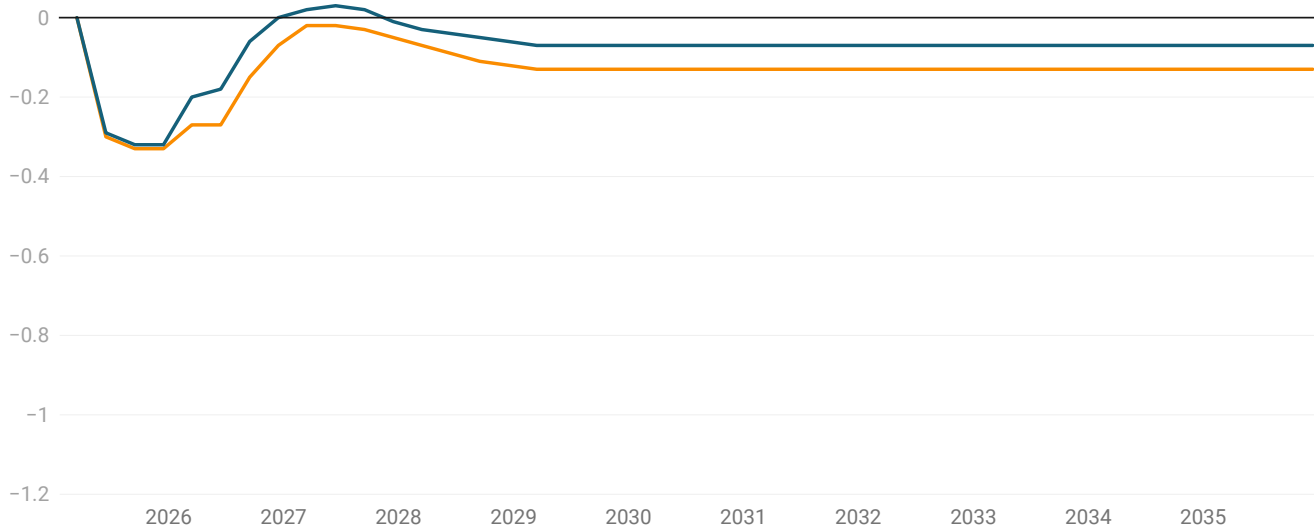


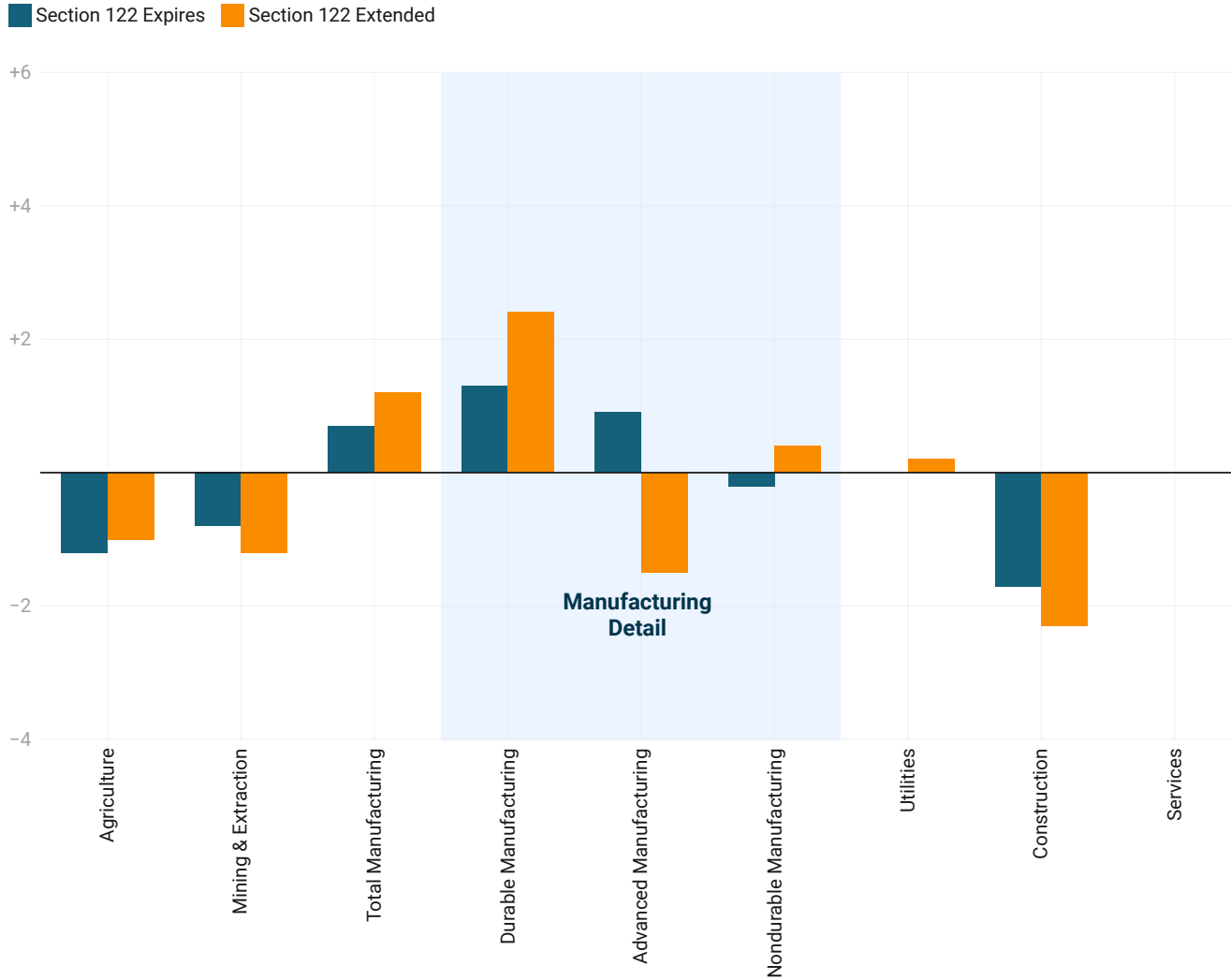
Chart: The Budget Lab • Source: Historical Statistics of the United States Ea424-434, Monthly Treasury Statement, Bureau of Economic Analysis, The Budget Lab analysis. • Created with [Datawrapper](#)

Long-Run US Sectoral Output & Employment Effects

Tariffs shrink the overall size of the US economy in the long run, but beneath aggregate GDP, they also drive reallocation across US sectors. Long-run output in the manufacturing sector expands slightly, with durable manufacturing seeing the largest gains within the manufacturing category. But this expansion in manufacturing more than crowds out the rest of the economy: construction, mining & extraction, and agriculture contract slightly. These patterns are similar regardless of whether Section 122 tariffs expire or are extended.

Figure 3. Change in Long-Run Real US GDP by Sector from Trump Administration Tariffs

Percentage points



Real value added by sector.

Chart: The Budget Lab • Source: GTAP v7, The Budget Lab analysis. • Created with [Datawrapper](#)

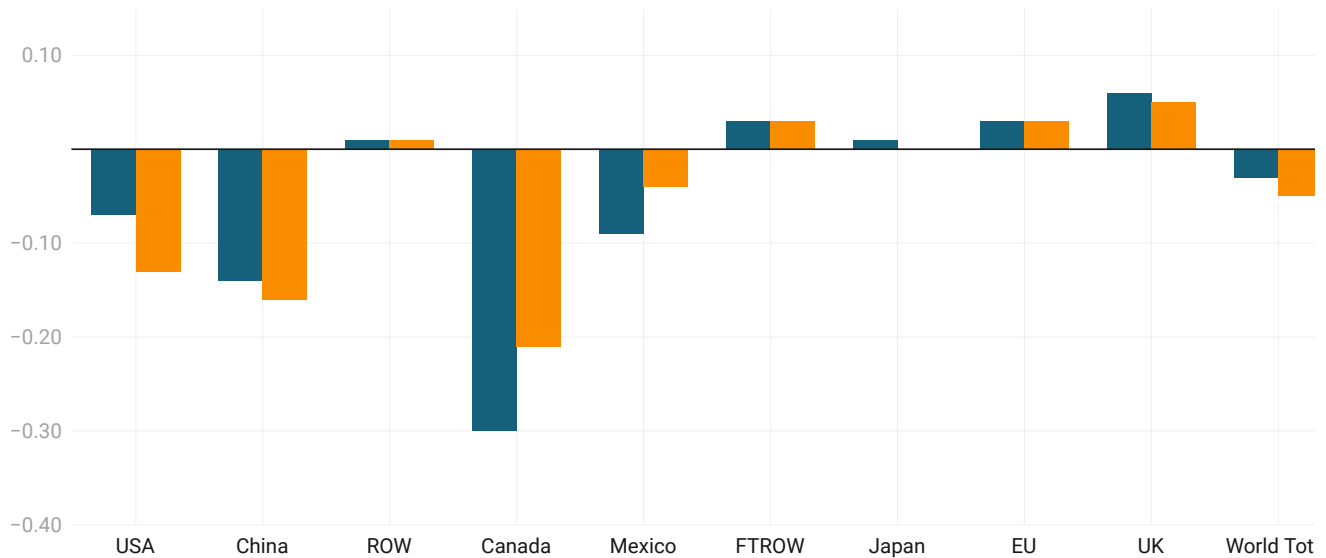
Global Long-Run Real GDP Effects

Long-run global GDP is slightly lower due to tariff policy. Canada, China and Mexico see the largest negative hits to output, while European and other free trade agreement partners see slight boosts to output. These directional effects are similar regardless of whether Section 122 tariffs expire or are extended in July.

Figure 4. Long-Run Change in Real GDP Level from Trump Administration Tariffs

Percentage point change

■ Section 122 Expires ■ Section 122 Extended



FTROW = countries with a comprehensive free trade agreement with the US
 ROW = all other countries

Chart: The Budget Lab • Source: GTAP v7 [Corong et al (2017)], The Budget Lab analysis. • Created with [Datawrapper](#)

Fiscal Impact

The current tariff regime, assuming that Section 122 tariffs expire, would raise about \$900 billion over ten years, conventionally scored. The 150 days of Section 122 tariffs contribute about \$25 billion to this sum. Given the negative output effects of the tariffs, these new revenues will be partially offset by reductions in tax revenue as a result of lower growth. TBL estimates that these effects would total about \$66 billion over the decade, bringing net dynamic revenue to about \$0.8 trillion.

If instead the Section 122 tariffs are extended, revenue would be meaningfully higher: conventional revenue would be nearly \$1.6 trillion over the decade and the dynamic score would be roughly \$1.5 trillion.

Table 3. Estimated Revenue Effects of Tariffs as of March 9, 2026

Billions of dollars

	2026	2027	2028	2029	2030	2031	2032	2033	2034
Section 122 Expires									
Conventional	34	45	90	93	96	100	104	108	112
Dynamic	23	42	88	88	90	93	97	100	104
<i>Dynamic effect</i>	-11	-3	-2	-5	-6	-7	-7	-8	-8
Section 122 Extended									
Conventional	57	111	158	164	169	176	183	190	197
Dynamic	42	104	152	154	157	163	169	176	182
<i>Dynamic effect</i>	-15	-7	-6	-10	-12	-12	-13	-14	-15

Table: The Budget Lab • Source: Source: Congressional Budget Office, GTAP v7 [Corong et al (2017)], The Budget Lab analysis. • Created with [Datawrapper](#)

Distributional Impact

One way to measure the distributional burden of tariffs is to look at the relationship between consumption, which gets more expensive under tariffs, and income for a given year. Under this view, tariffs are a regressive tax because lower-income households spend a larger fraction of their income than higher-income households do on average.

TBL finds that the burden, expressed as a share of post-tax-and-transfer income, on the first decile is about three times that of the top decile (0.8% versus 0.3% if Section 122 tariffs expire, and 1.4% versus 0.4% if extended). The average annual costs to households in the bottom and top deciles are about \$315 and \$1,325 respectively in 2025 dollars—figures that assume Section 122 tariffs expire and are thus not reflected in these numbers. If instead Section 122 is made permanent, these annual household burdens would be about \$520 and \$2,185.

Figure 5. Distributional Effects of Trump Administration Tariffs

By household income decile
As a share of after tax and transfer income

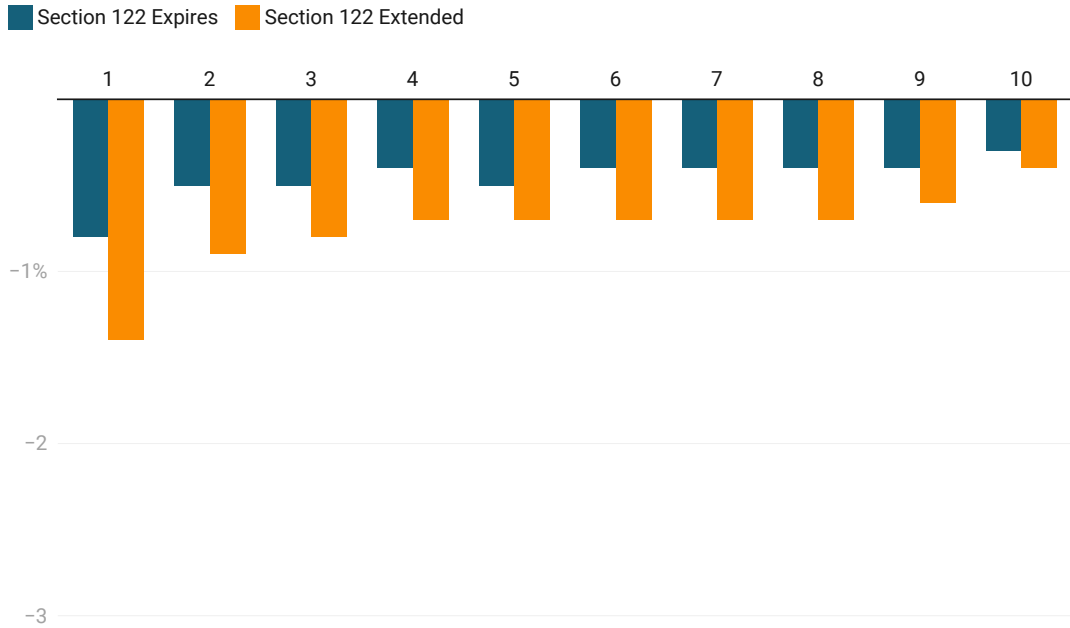


Chart: The Budget Lab • Source: GTAP v7, Census, BLS, BEA, The Budget Lab analysis. • Created with [Datawrapper](#)

Real 2025 USD

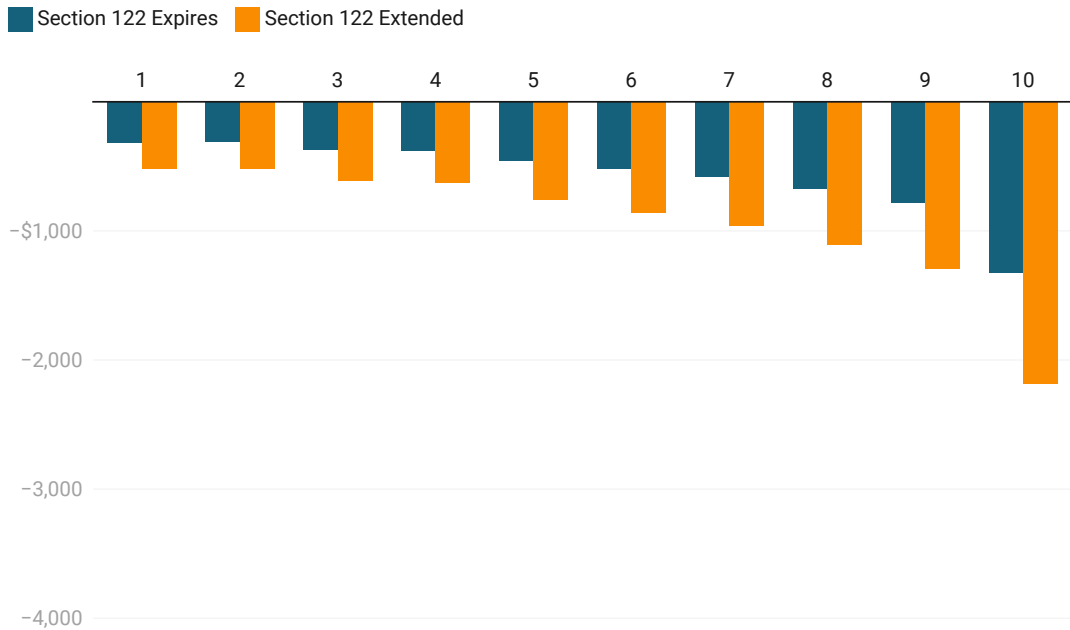


Chart: The Budget Lab • Source: GTAP v7, Census, BLS, BEA, The Budget Lab analysis. • Created with [Datawrapper](#)

Appendix

Appendix Figure 1 compares short-run GDP estimates under our prior framework (MAUS + GTAP) and our new one (USMM + GTAP). Relative to MAUS, USMM estimates a less-severe hit to output in 2025 and sees a quicker recovery. Our model blending assumptions, which govern the speed at which the “short run” (MAUS or USMM) transitions to the “long run” (GTAP), have changed too. For MAUS, we used a minimum function: the GDP estimate was the smaller (larger, in absolute terms) of MAUS’s or GTAP’s estimate. For USMM, we blend the two using weights that start at 100% USMM (and 0% GTAP) in the first quarter and, over four years, phase linearly towards 0% USMM (and 100% GTAP).

Appendix Table 1. US Real GDP Level Effects: MAUS vs USMM Comparison

Percent change relative to baseline

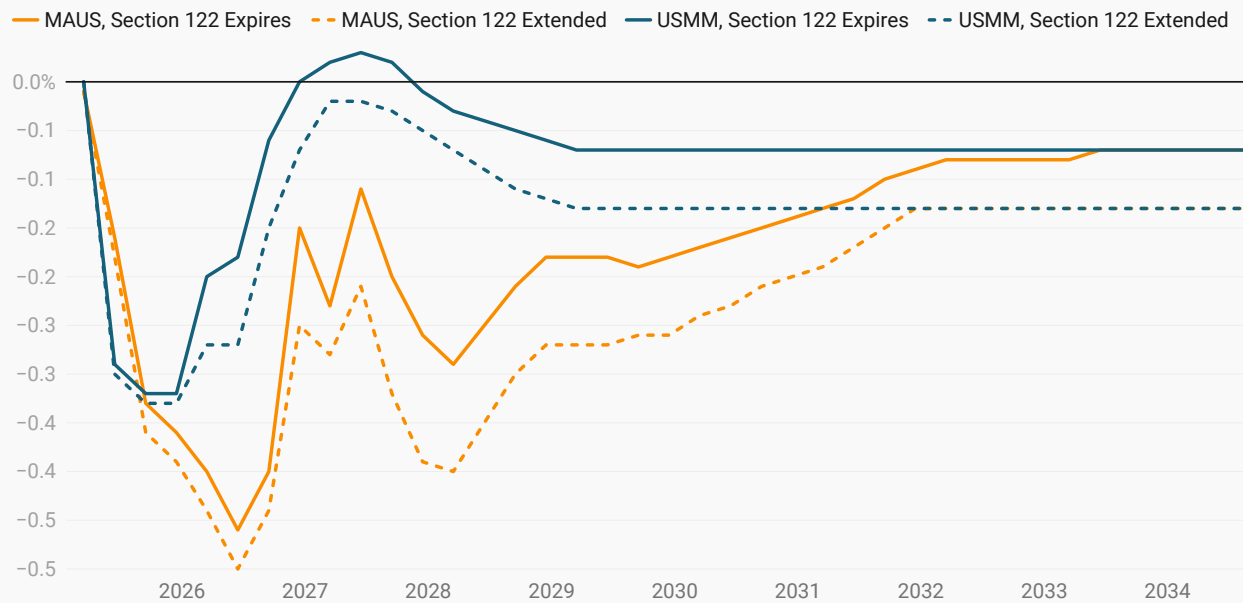


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