the budget lab

Where We Stand: The Fiscal, Economic, and Distributional Effects of All U.S. Tariffs Enacted in 2025 Through April 2

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Key Takeaways

1 The Budget Lab modeled the effect of both the April 2nd tariff announcement in isolation and all US tariffs implemented in 2025.

2 The April 2nd action is the equivalent of a rise in the effective US tariff rate of 11 ½ percentage points. The average effective US tariff rate after incorporating all 2025 tariffs is now 22 ½%, the highest since 1909.

3 The price level from all 2025 tariffs rises by 2.3% in the short-run, the equivalent of an average per household consumer loss of $3,800 in 2024$. Annual losses for households at the bottom of the income distribution are $1,700.

4 The price level from the April 2nd announcement alone rises by 1.3% in the short run, the equivalent of an average per household consumer loss of $2,100 in 2024$. Annual losses for households at the bottom of the income distribution are $980 under the April 2nd policy alone.

5 Both the April 2nd tariffs alone and all 2025 tariffs together disproportionately affect clothing and textiles, with apparel prices rising 17% under all tariffs.

6 US real GDP growth is -0.5pp lower in 2025 from the April 2nd announcement and -0.9pp lower from all 2025 tariffs. In the long-run, the US economy is persistently -0.4 and -0.6% smaller respectively, the equivalent of $100 billion and $180 billion annually in 2024$.

7 The April 2nd announcement raises $1.4 trillion over 2026-35 conventionally-scored, and $366 billion less if dynamic revenue effects are taken into account. All tariffs to date in 2025 raise $3.1 trillion, including the effect of retaliation to date, with $582 billion in negative dynamic revenue effects.

Introduction

On April 2, the White House announced its long-awaited comprehensive tariff policy, comprising a 10% minimum tariff on countries outside Canada and Mexico, with special higher rates for roughly 60 countries (see Appendix for full list).[1] This analysis presents the fiscal and economic effects of both 1) the April 2nd policy, without considering the other tariffs that have gone into effect so far this year or international retaliation; and, 2) all US tariffs that have gone into effect in 2025, including the April 2nd policy, as well as incorporating the effects of all international retaliation implemented as of publication.[2] Specifically, The Budget Lab assumed the following policies in effect:

- 20% broad tariff on all Chinese imports (effective February 4; increased March 4);
- 10% tariff on Canadian potash and energy (effective April 2);
- 25% tariff on all Mexican imports and other Canadian imports[3] (effective March 4);
- 25% tariff on all automobiles, with an exemption for US content[4] (effective April 3);
- 25% tariff on all steel and aluminum imports (effective March 12); and,
- The April 2nd announcement, as previously described.

TBL treated each of these policies as independent from one another and stacked them together. Its methodology largely follows prior tariff analysis. Note that certain commodities and products were carved out from the April 2nd announcement – the Budget Lab does not apply the rates from the April 2nd announcement to those commodities but does stack tariffs on those commodities from earlier announcements where applicable. All of Budget Lab's analysis may be adjusted moving forward with more detail from the Administration on implementation.

Results

The table below summarizes the effects of both the April 2nd announcement in isolation and all the 2025 tariffs to date.

Table 1. Summary Economic & Fiscal Effects of 2025 Tariffs Through April

	Conventional Score*****				
	2026-35		**In Equilibrium**		
	$billions	% of GDP	% Change in PCE Price Level***	Decline in Average Real Dispoable Income per Household (2024$)*	Add'l Effectiv Tariff Rate (p.p.)****
All 2025 Tariffs to Date*	**$3,072**	**0.8%**	**2.31%**	**-$3,789**	**19.8**
April 2 Announcement Only**	$1,408	0.4%	1.31%	-$2,148	11.5

** Includes retaliation announced as of April 2.*
*** Not including retaliation.*
**** Pre-substitution.*
***** Post-substitution.*
****** Under relaxed conventional assumptions*

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 aggregate price impact

April 2 Only: The April 2nd tariffs alone constitute an increase in the average effective tariff rate of 11 ½ percentage points. That implies a rise in consumer prices of roughly 1.3% in the short-run, assuming no policy reaction from the Federal Reserve.[5] This is equivalent to a loss of purchasing power of $2,100 per household on average in 2024 dollars.

All 2025 Tariffs: The April 2nd tariffs in tandem with the China, Canada, Mexico, automobile, and steel & aluminum tariffs already in effect (and the announced retaliation from other countries) imply an increase in the average effective tariff rate of just under 20 percentage points.[6] That raises consumer prices by 2.3% all told in the short-run, assuming no policy reaction from the Federal Reserve, a loss of purchasing power of $3,800 per household on average in 2024 dollars.

U.S. real GDP effects

April 2 Only: The April 2nd tariffs alone reduce the size of the US economy in both the short- and the long-run. US real GDP growth is -0.5pp lower in calendar year 2025 and -0.1pp lower in calendar year 2026. After 2026, the level of GDP begins to recover modestly as production and supply chains reoptimize. But in the long-run, US output is still -0.4% lower from the April 2 announcement. That's the equivalent of the US economy being permanently smaller by $100 billion annually in 2024 dollars. Real exports specifically are lower in the long-run by -10% under the April 2nd policy.

All 2025 tariffs: Accounting for all the 2025 US tariffs and retaliation implemented to date, real GDP growth is -0.9pp lower in calendar year 2025 and -0.1pp lower in calendar year 2026, while the level of real GDP is persistently -0.6% smaller in the long run, the equivalent of $160 billion 2024$ annually, while exports are -18.1% lower.

Figure 1. U.S. Real GDP Level Effects of 2025 Tariffs to Date

U.S. tariffs enacted through April 2
Percentage point change against baseline

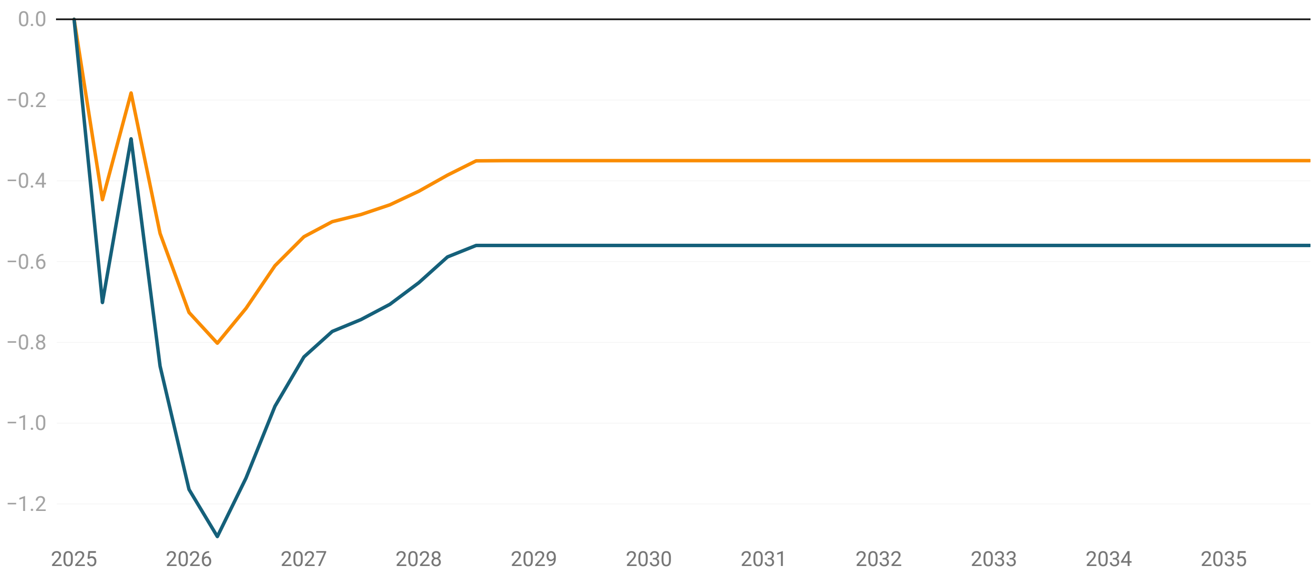


Chart: The Budget Lab • Source: S&P Global, GTAP v7, GTAP-RD, The Budget Lab analysis. • Created with Datawrapper

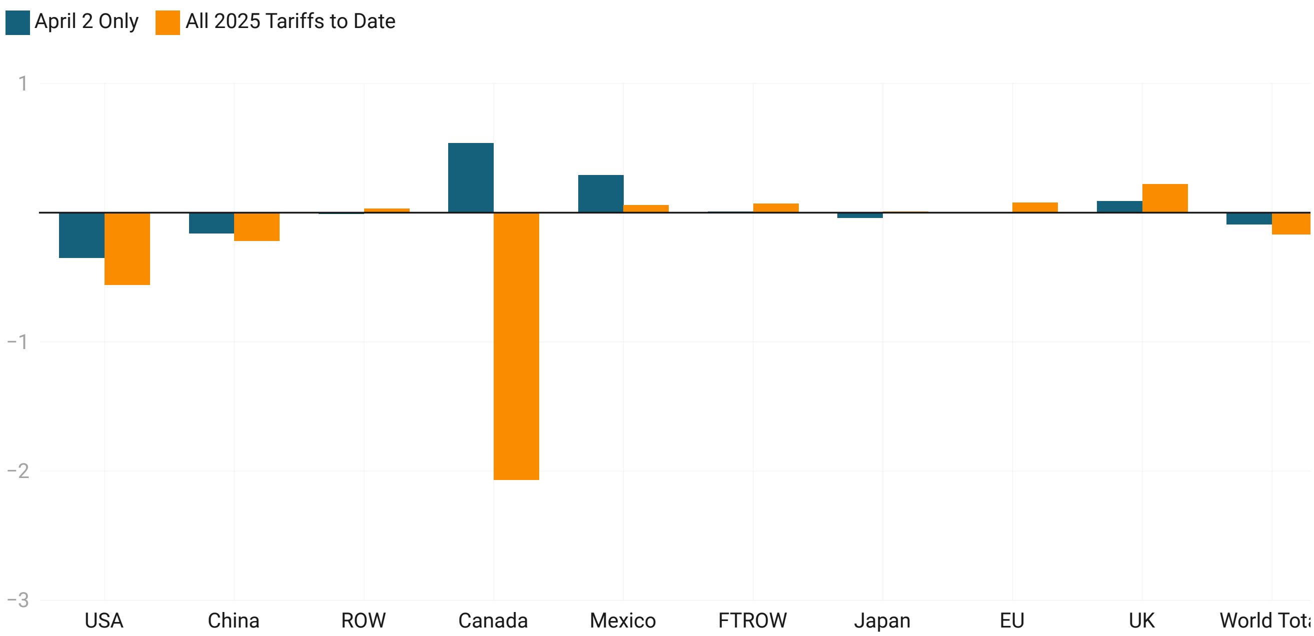
Global long-run real GDP effects

April 2 Only: In isolation, the April 2nd announcement only modestly affects the world economy on net outside the US (see the chart below). That's mainly because Canada and Mexico were absent from the April 2 announcement, so when analyzed by itself, both countries gain materially from the policy in the long-run. China's economy contracts slightly by 0.2% in the long run, while the UK sees a small 0.1% advantage.

All 2025 tariffs: A more accurate read of the global impact of US trade policy is to look holistically at all tariffs enacted so far. There, the story is obviously quite different from the April 2nd announcement in isolation. Canada has borne the brunt of the damage so far, with its long-run economy 2.1% smaller in real terms (reflecting both US tariffs and Canadian retaliation to date), but Mexico's economy is if anything slightly larger in the long-run. China's economy is 0.2% smaller while the UK's is 0.2% bigger and the EU is 0.1% larger.

Figure 2. Long-Run Change in Real GDP Level from 2025 Tariffs

Percentage point change



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. • Get the data • Created with Datawrapper

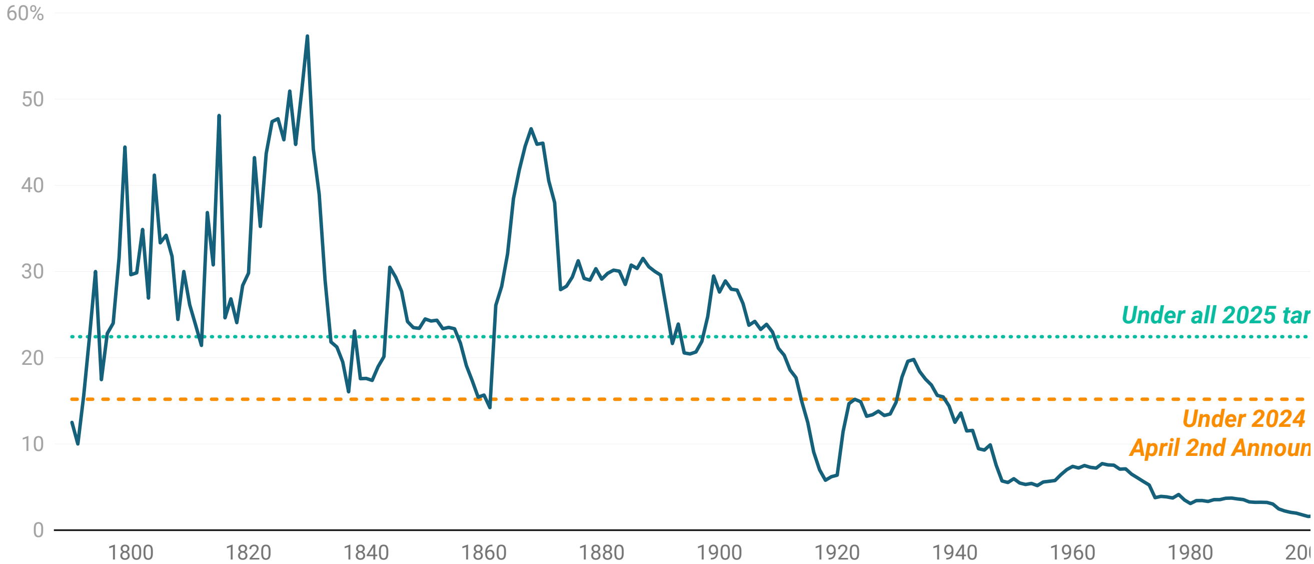
Fiscal impact & historical context

The April 2 tariffs alone were they to remain in place would raise $1.4 trillion over 2026-35 conventionally-scored.[7] Given the negative output effects of the tariffs, there would be additional dynamic reductions in tax revenue as a result. Based on Congressional Budget Office rules-of-thumb, TBL estimates that these effects would total -$366 billion over the decade. All 2025 tariffs to date, incorporating the revenue effects of retaliation to date as well, would raise $3.1 trillion over 10 years conventionally-scored if they stayed in effect, with additional dynamic revenue effects of -$582 billion.

As mentioned earlier, the April 2nd announcement is equivalent to an 11 ½ percentage point increase in the average effective tariff rate. On its own, ignoring the other 2025 tariffs, that would be enough to raise the overall effective tariff rate to its highest since 1938. When including all tariffs implemented this year so far, the US average effective tariff rate is now at 22 ½%, the highest since 1909.

Figure 3. U.S. Average Effective Tariff Rate Since 1790

Customs duty revenue as a percent of goods imports



** Through April 2.*

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

Short-run distributional impact

Tariffs are a regressive tax, especially in the short-run. This means that tariffs burden households at the bottom of the income ladder more than those at the top as a share of income.

April 2nd Tariffs. The percent change in disposable income resulting from the April 2nd tariffs on their own is 2.6x as much for households in the second decile by income as it is for households in the top decile: -2.3% versus -0.9%. Because income rises across the distribution more steeply than the tariff burden falls, the tariff burden in dollar terms is higher at higher incomes (bottom panel). For a household in the second lowest income decile, the April 2nd tariff policy leads to annual consumer loss of $980 per household on average in 2024$. For households in the middle, the burden rises to $1,700 per household on average, and for those in the top tenth, it averages $4,600 per household.

All 2025 tariffs. The regressivity is about the same when looking at all 2025 tariffs: the burden on the 2nd decile is 2.5x that of the top decile (-4.0% versus -1.6%). The average annual cost to households in the 2nd, 5th, and top decile rise to $1,700; $3,000; and $8,100 respectively.

Figure 4. Short-Run Distributional Impact of 2025 Tariffs

Percentage points of disposable income by household income decile

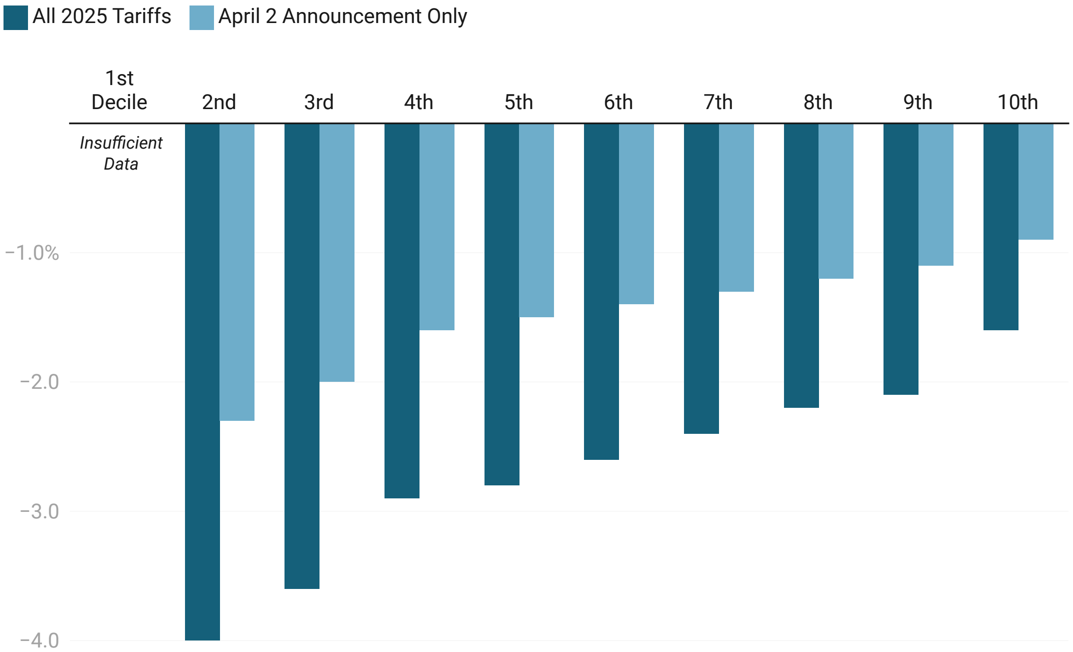


Chart: The Budget Lab • Source: GTAP v7, Census, BLS, BEA, The Budget Lab analysis. • Created with Datawrapper

Constant 2024$ of Average Disposable Income per Household

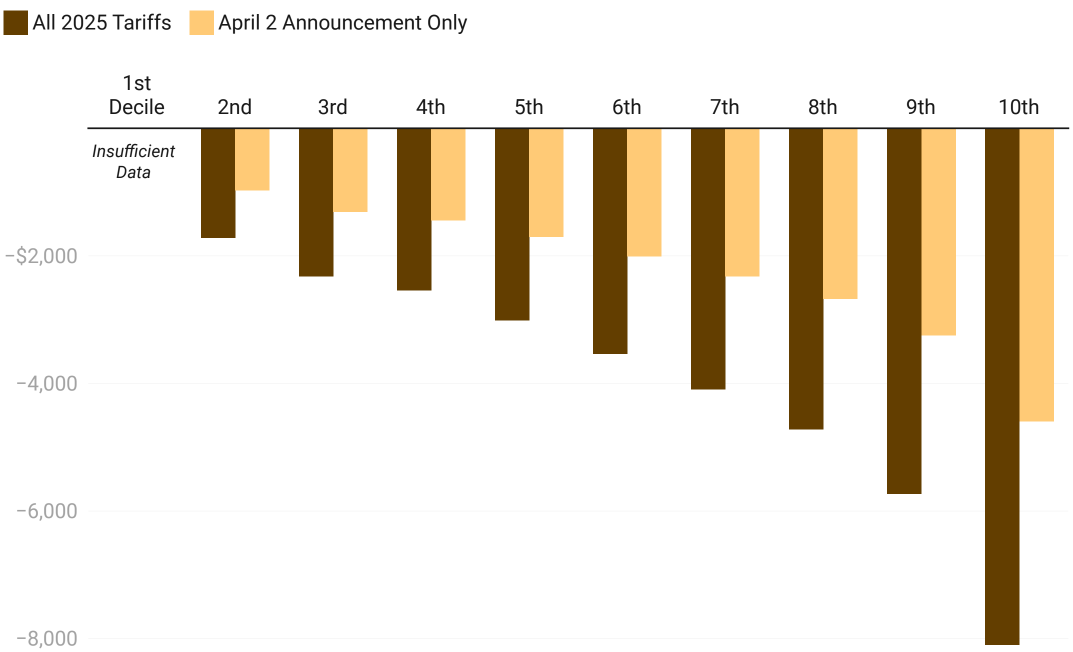


Chart: The Budget Lab • Source: GTAP v7, Census, BLS, BEA, The Budget Lab analysis. • Created with Datawrapper

Tariffs are more distributionally-ambiguous in the longer-run. Tariffs reduce both labor income and above-normal returns to capital, or rents. We assume that owners of capital hold rents rather than consume them in the short-run, but do consume them over their lifecycle in the long-run. The implication is that the tariff burden is more regressive in the short-run and more evenly-distributed across households in the long-run

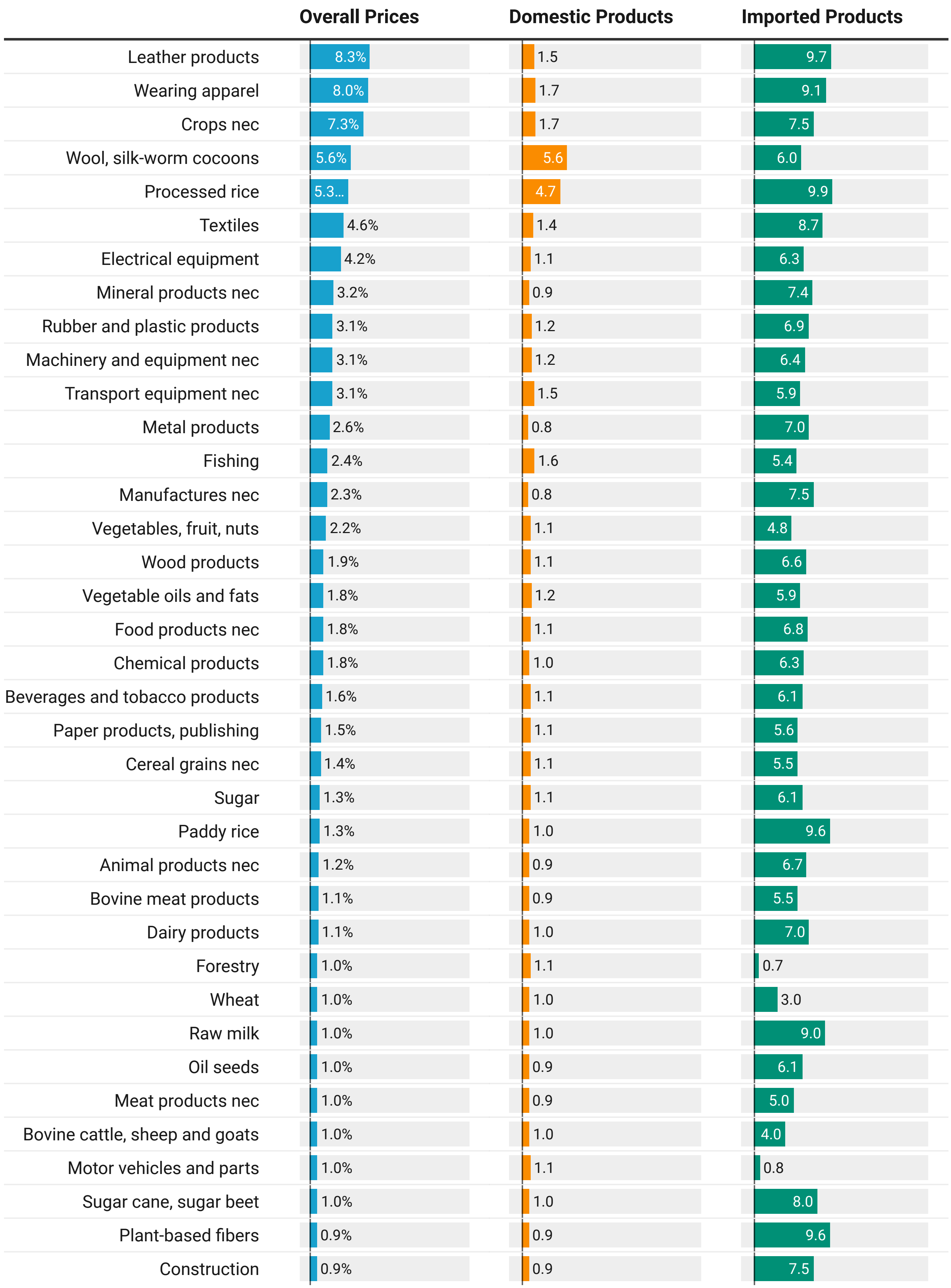
Commodity price effects

The charts below show how the 1.3% and 2.3% price level increases from the April 2 tariffs alone and all 2025 tariffs to date, respectively, would look across individual commodities. Some high level takeaways:

- Both the April 2nd tariffs themselves and all 2025 actions to date have disproportionately affected clothing and textiles. Apparel prices rise 8% from the April 2nd action alone and 17% from all US tariffs.
- Food prices are also disproportionately affected, rising 1.6% from the April 2nd policy (roughly equivalent to the last year's worth of grocery inflation in CPI) and 2.8% from all 2025 tariff actions. Fresh produce rises 2.2% and 4.0%, respectively.
- Motor vehicle prices are largely untouched by the April 2nd announcement but rise by 8.4% under all tariff action to date, the equivalent of an additional $4,000 to the price of an average 2024 new car.[8]

Figure 5a. Commodity Price Effects from April 2nd Tariffs Only

Percent change to price level



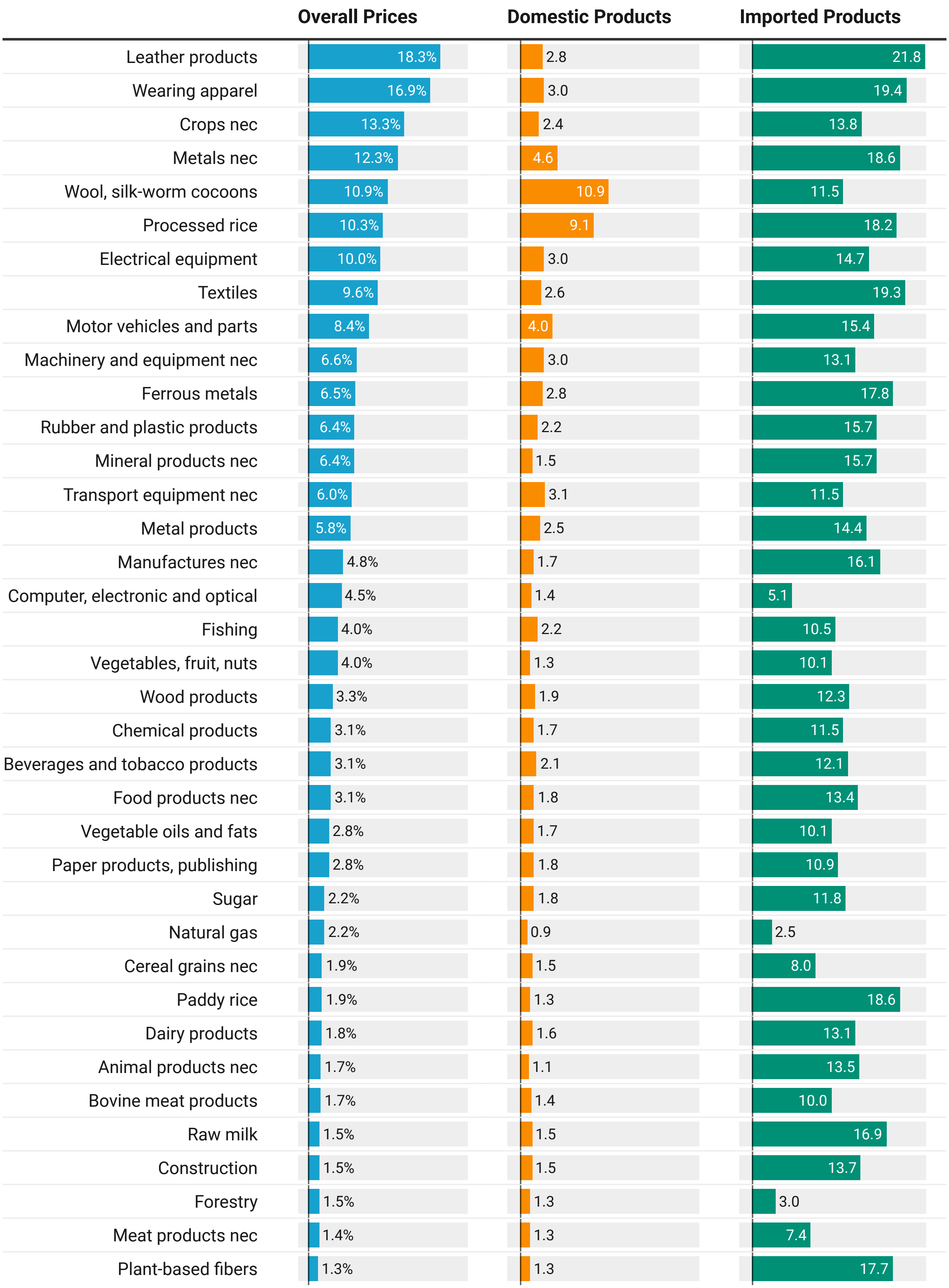
Water	0.8%	0.8	7.6
Human health and social work	0.7%	0.7	0.2
Warehousing and support	0.7%	0.7	0.3
Accommodation & food services	0.7%	0.7	0.5
Recreational and other services	0.7%	0.7	0.2
Public Administration	0.7%	0.7	−0.2
Metals nec	0.6%	0.7	0.6
Trade	0.6%	0.6	−0.2
Communication	0.6%	0.6	0.1
Business services nec	0.6%	0.6	0.1
Education	0.6%	0.6	0.4
Real estate activities	0.6%	0.6	−0.1
Ferrous metals	0.6%	0.7	0.4
Transport nec	0.6%	0.6	0.3
Gas manufacture, distribution	0.6%	0.6	−0.2
Electricity	0.6%	0.5	3...
Financial services nec	0.6%	0.6	0.2
Water transport	0.6%	0.6	−0.1
Dwellings	0.6%	0.6	0.6
Insurance	0.5%	0.6	−0.1
Air transport	0.5%	0.5	0.2
Minerals nec	0.4%	0.5	0.3
Coal	0.4%	0.4	−0.1
Basic pharmaceutical products	0.3%	0.7	−0.1
Petroleum, coal products	0.2%	0.2	0.2
Oil	0.2%	0.2	0.2
Natural gas	0.1%	0.1	0.1
Computer, electronic and optical	0.0%	0.6	−0.1

"nec" = "Not elsewhere classified"

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

Figure 5b. Commodity Price Effects from All 2025 Tariffs Through April 2

Percent change to price level



Bovine cattle, sheep and goats	1.3%	1.3	7.7
Water	1.3%	1.3	14.4
Wheat	1.3%	1.2	5.2
Warehousing and support	1.2%	1.2	-0.6
Oil seeds	1.1%	1.0	9.8
Basic pharmaceutical products	1.0%	1.0	1.0
Human health and social work	1.0%	1.0	-0.3
Public Administration	1.0%	1.0	0.3
Transport nec	1.0%	1.0	0.0
Water transport	0.9%	1.0	-0.3
Recreational and other services	0.9%	0.9	-0.6
Communication	0.9%	1.0	-0.4
Trade	0.9%	0.9	-1.0
Accommodation & food services	0.9%	1.0	-0.1
Business services nec	0.9%	0.9	-0.2
Minerals nec	0.9%	0.5	3.3
Sugar cane, sugar beet	0.9%	0.9	15.3
Gas manufacture, distribution	0.8%	0.8	0.6
Electricity	0.8%	0.9	-1.5
Real estate activities	0.8%	0.8	0.2
Education	0.8%	0.9	-0.7
Petroleum, coal products	0.8%	0.7	1.0
Financial services nec	0.7%	0.7	-0.2
Oil	0.7%	0.5	0.9
Dwellings	0.7%	0.7	0.7
Insurance	0.7%	0.7	0.4
Air transport	0.6%	0.8	-0.4
Coal	0.5%	0.5	0.8

"nec" = "Not elsewhere classified"

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

Appendix: April 2nd Tariff Rates

As announced by the White House

Search in table

Country	"Tariffs Charged to the U.S.A." (%)	"U.S.A. Discounted Reciprocal Tariffs" (%)
Albania	10	10
Algeria	59	30
Andorra	10	10
Angola	63	32
Anguilla	10	10
Argentina	10	10
Armenia	10	10
Aruba	10	10
Australia	10	10
Azerbaijan	10	10
Bahamas	10	10
Bahrain	10	10
Bangladesh	74	37
Belize	10	10
Bhutan	10	10
Bolivia	20	10
Bosnia and Herzegovina	70	35
Botswana	74	37
Brazil	10	10
British Indian Ocean Territory	10	10
Brunei	47	24
Burundi	10	10
Cabo Verde	10	10
Cambodia	97	49
Cameroon	22	11
Central African Republic	10	10
Chad	26	13
Chile	10	10
China	67	34
Christmas Island	10	10
Cocos (Keeling) Islands	10	10
Colombia	10	10
Comoros	10	10
Cook Islands	10	10

Costa Rica	17	10
Côte d'Ivoire	41	21
Democratic Republic of the Congo	22	11
Dominica	10	10
Dominican Republic	10	10
Ecuador	12	10
Egypt	10	10
El Salvador	10	10
Equatorial Guinea	25	13
Eritrea	10	10
Ethiopia	10	10
European Union	39	20
Falkland Islands	82	41
Fiji	63	32
French Guiana	10	10
Gabon	10	10
Gambia	10	10
Georgia	10	10
Ghana	17	10
Gibraltar	10	10
Grenada	10	10
Guadeloupe	10	10
Guatemala	10	10
Guinea	10	10
Guinea-Bissau	10	10
Guyana	76	38
Haiti	10	10
Heard and McDonald Islands	10	10
Honduras	10	10
Iceland	10	10
India	52	26
Indonesia	64	32
Iran	10	10
Iraq	78	39
Israel	33	17
Jamaica	10	10
Japan	46	24
Jordan	40	20
Kazakhstan	54	27

Kenya	10	10
Kiribati	10	10
Kuwait	10	10
Kyrgyzstan	10	10
Laos	95	48
Lebanon	10	10
Lesotho	99	50
Libya	61	31
Liechtenstein	73	37
Madagascar	93	47
Malaysia	47	24
Maldives	10	10
Mali	10	10
Marshall Islands	10	10
Martinique	10	10
Mauritania	10	10
Mauritius	80	40
Mayotte	10	10
Micronesia	10	10
Moldova	61	31
Montenegro	15	10
Montserrat	10	10
Morocco	10	10
Mozambique	31	16
Myanmar (Burma)	88	44
Namibia	42	21
Nauru	59	30
Nepal	10	10
New Zealand	20	10
Nicaragua	36	18
Niger	10	10
Nigeria	27	14
Norfolk Island	58	29
North Macedonia	65	33
Norway	30	15
Oman	10	10
Pakistan	58	29
Panama	10	10
Paraguay	10	10

Peru	10	10
Philippines	34	17
Qatar	10	10
Reunion	73	37
Saint Helena	10	10
Saint Kitts and Nevis	10	10
Saint Lucia	10	10
Saint Pierre and Miquelon	99	50
Saint Vincent and the Grenadines	10	10
Samoa	10	10
São Tomé and Príncipe	10	10
Saudi Arabia	10	10
Senegal	10	10
Serbia	74	37
Singapore	10	10
Sint Maarten	10	10
Solomon Islands	10	10
South Africa	60	30
South Korea	50	25
South Sudan	10	10
Sri Lanka	88	44
Sudan	10	10
Suriname	10	10
Svalbard and Jan Mayen	10	10
Switzerland	61	31
Taiwan	64	32
Tajikistan	10	10
Tanzania	10	10
Thailand	72	36
Timor-Leste	10	10
Togo	10	10
Tokelau	10	10
Tonga	10	10
Trinidad and Tobago	12	10
Tunisia	55	28
Turkey	10	10
Turkmenistan	10	10
Turks and Caicos Islands	10	10
Tuvalu	10	10

Uganda	20	10
Ukraine	10	10
United Arab Emirates	10	10
United Kingdom	10	10
Uruguay	10	10
Venezuela	29	15
Vietnam	90	46
Yemen	10	10
Zambia	33	17

Table: The Budget Lab • Source: The White House • Created with Datawrapper

Footnotes

1. The tariffs announced on April 2 apply to most imported goods but exempt steel, aluminum, and autos—which have already been tariffed separately this year—as well as copper, pharmaceuticals, semiconductors, lumber, energy, and critical minerals. TBL carved out these commodities in its analysis of the April 2 announcement.
2. TBL incorporated Canada's retaliation announcements of March 4 and March 13 as well as China's February 4 and March 4 announcements, since all four are in effect as of publication. The European Union's March 12 announcement is currently delayed as of publication and so is not incorporated in TBL's analysis.
3. Unlike prior analyses, based on the information in the April 2nd EO, TBL now assumes that the USMCA exemption continues indefinitely, under the assumption that 49% of imports by value from Mexico are exempt under USMCA, and 38% of imports from Canada are exempt. This lowers some impacts from previous analyses.
4. TBL assumed that 40% of automobile content in imported motor vehicles from Canada and Mexico are of US origin.
5. TBL assumed no retaliation for the purposes of the April 2 announcement, and that therefore dollar appreciation offsets roughly a third of the consumer burden of the tariffs, our conventional non-retaliation assumption. For all 2025 tariffs, TBL assumed that global retaliation to date will mitigate dollar appreciation by half.
6. Note that crucially this incorporates assumptions about USMCA-exempt trade with Canada and Mexico as well as exempt US-origin content in foreign autos.
7. TBL employs a "relaxed conventional" assumption for the retaliation scenario, whereby foreign income is permitted to fall but US income remains fixed.
8. This effect is lower than TBL's previous analysis of the 25% automobile tariffs primarily because TBL now assumes, based on the wording of the April 2nd EO, that the USMCA exemption on trade with Canada and Mexico will remain in effect indefinitely.