

ARTICLE APR 10, 2025

Trump's Tariff Pause Doesn't Pause Economic Pain and Will Cost Families \$4,600 Per Year

American households will face even greater annual costs under President Trump's new tariff scheme according to CAP analysis.

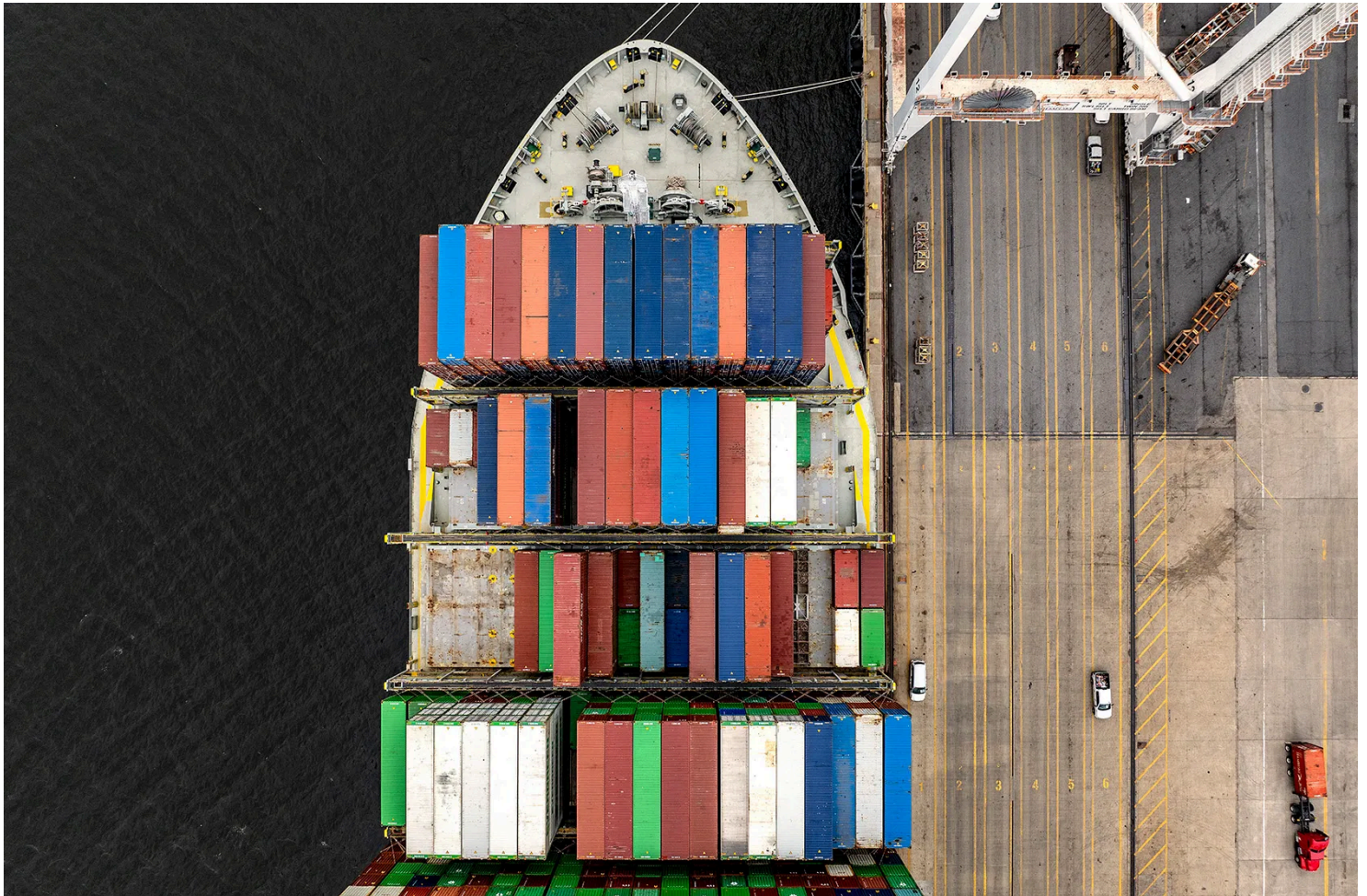
AUTHORS



Ryan Mulholland



Natalie Baker

[Building an Economy for All, Canada, China, +7 More](#)

A cargo ship carrying shipping containers is moored to the pier at the Port of Baltimore on April 10, 2025, a day after U.S. President Donald Trump announced a 90-day pause on many "reciprocal" tariffs. (Getty/AFP/Jim Watson)

President Donald Trump's "90-day pause" of his administration's "reciprocal" tariffs on dozens of the United States' trading partners is far from a tonic for American consumers, businesses, and workers. In fact, new estimates from the Center for American Progress find that Trump's tariff scheme in effect at present will cost a typical American household *more* than the reciprocal scheme he announced at last week's Rose Garden ceremony.

The Trump administration now has in place a sweeping 10 percent across-the-board tariff on nearly all countries, and it has hiked the tariff on China to an astronomical 145 percent, up from 54 percent just last week and 20 percent before that. Meanwhile, the administration is still tariffing most goods from Canada and Mexico at 25 percent. It has also imposed 25 percent tariffs on cars, steel, and aluminum, with a 25 percent tariff on auto parts set to take effect next month.



CAP finds that Trump's tariff scheme in effect at present will cost a typical American household more than the reciprocal scheme he announced at last week's Rose Garden ceremony.

As currently formulated, the typical American household can now expect to pay an average of \$4,600 annually because of Trump's tariffs. Using a different methodology, analysis by the Budget Lab at Yale estimated that the annualized cost of Trump's new tariff scheme for the typical American family is \$4,700. Notably, both these estimates are greater than the \$3,800 cost the Budget Lab at Yale estimated households would face under Trump's original reciprocal tariff plan. Former Chairman of the Council of Economic Advisers Jason Furman and other economists have noted that the administration's massive increase in tariffs on China outweighs the tariff reductions to other trading partners.

Based on Trump's latest tariff scheme, the typical American family can expect to pay a lot more for electronics, cars, apparel, shoes, toys, and furniture, among other necessities. Assuming full pass-through of the tariff to consumers, a PlayStation 5 that previously cost \$499 could now cost more than \$1,200.* In addition, the cost of an iPhone could more than double, and prices for imported grocery items from the rest of the world—such as berries, bananas, coffee, and nuts—could rise by 10 percent.



The largest impact of Trump's new scheme will likely be felt by U.S. businesses as well as U.S. factories and their workers.

The largest impact of Trump's new scheme, though, will likely be felt by U.S. businesses as well as U.S. factories and their workers. Countless small and medium-sized manufacturers rely on imported parts and materials from China to support their production in the United States—and often, there is no alternative supplier outside China. Eventually, Chinese exporters interested in selling into the U.S. market may open operations in other countries, but in the immediate term, the imported component parts and materials that U.S. producers need from China will more than double in price. Most manufacturing firms run on very tight margins, which means the massive increase in operating costs is likely to have significant negative impacts on their viability. Moreover, retaliatory measures taken by foreign governments in response to the Trump administration's actions and the consumer backlash many American brands are now facing around the world will harm U.S. firms' ability to do business abroad.

The Trump administration's recent shift not only leaves in place steep tariffs but also maintains tremendous uncertainty. The administration says it is negotiating deals with other governments, but business leaders are unsure what the market dynamics will be in a few months' time, causing many to delay investments, postpone orders, and hold back on hiring. In fact, several manufacturing firms have already announced layoffs as a result of Trump's chaotic tariffs.

All told, Trump's trade war continues to put immense strain on American families, workers, and businesses as the administration doubles down on policies that could drive the economy toward recession.

Methodology

This analysis uses 2024 data from the U.S. Census Bureau table "Annual Country by 5-digit End-Use Code, Annual totals, 2015 – 2024. "

For the purpose of simplification, the authors separated import categories into the following groups:

- **Apparel, footwear, and jewelry:** "Cotton apparel and household goods," "other textile apparel and household goods," "footwear," "nontextile apparel and household goods," "wool apparel and household goods," and "jewelry"
- **Electronics:** "Cell phones and other household goods," "televisions and other video equipment," "stereo equipment, etc.," and "photo equipment"
- **Pharmaceutical drugs:** "Pharmaceutical preparations"
- **Furniture, kitchen appliances, and other household items:** "Furniture, household goods, etc.," "household appliances," "cookware, cutlery, tools," "glassware, chinaware," "nursery stock," and "rugs"
- **Toys, sporting goods, books, collectibles, and other recreational items:** "Toys, games, and sporting goods," "camping apparel and gear," "books, printed matter," "artwork and other collectibles," "musical instruments," "recorded media," and "numismatic coins"
- **Oil and petroleum products:** "Crude oil," "fuel oil," "other petroleum products," and "liquefied petroleum gas"
- **Materials and equipment for U.S. businesses:** "Capital goods, except automotive" and "industrial supplies and materials" other than those included in "oil and petroleum products"
- **Food:** "Foods, feeds, and beverages"

- **Autos, motorcycles, and pleasure boats:** “Automotive vehicles, parts, and engines,” “motorcycles and parts,” and “pleasure boats and motors”
- **Other:** “Gem diamonds,” “gem stones, other,” “other consumer nondurables,” “toiletries and cosmetics,” and “other goods”

The authors then increased the 2024 values to estimated 2025 values based on the projected percentage increase in total imports in the Congressional Budget Office’s (CBO) January 2025 Economic Outlook.

To estimate the impact of the latest tariff announcements, the following rates were applied:

- 145 percent on all categories of goods from China
- 25 percent on all categories of goods from Mexico and Canada, with the assumption that 38 percent of Canadian imports and 49 percent of Mexican imports are U.S.-Mexico-Canada-Agreement (USMCA)-compliant and therefore not subject to the 25 percent tariff rate
- 25 percent on steel and aluminum
- 25 percent on autos from all countries except China, with an assumption that 40 percent of auto imports from Canada and Mexico are exempt to capture provisions for U.S. content
- 10 percent on all imports from all other countries

Note that these tariff rates are estimates only. Some exemptions for specific imported goods apply, which were not captured in this analysis; such goods include fertilizers, semiconductors, minerals, and medicines.

The authors multiplied the value of each import category by the applicable tariff rate to calculate a total tax increase. That aggregate tax increase was then divided by the U.S. Treasury Office of Tax Analysis’ estimate of the number of tax units in 2025. The authors then scaled down the amount of tax increase by 15 percent to represent a middle-income household instead of the average U.S. household. The U.S. Bureau of Labor Statistics Consumer Expenditure Surveys found that households in the middle quintile consumed 15 percent less than the average household in 2023.

This analysis follows the convention tax modelers at the Treasury Department and the Tax Policy Center use to estimate the distributional burden of taxes and assumes no behavioral response—as opposed to a revenue estimate that would incorporate those responses. Consumers would likely buy fewer imported goods to avoid the tax, but that itself is a form of paying the tax; for example, a family that switches from imported fresh berries to frozen domestic berries in the winter may purchase an untaxed item, but they are not purchasing their preferred form of berry and would experience a decline in living standard.

** Authors’ note: Applying a method from prior CAP analysis, the authors find a PlayStation 5 that once costed \$499 could now cost \$1,222.55 under the 145 percent tariff, a \$723.55 increase, assuming full pass-through of the tariff and no markups for the purposes of this analysis.*

Progress would like to acknowledge the many generous supporters who make our work possible.

AUTHORS

Ryan Mulholland

Senior Fellow, International Economic Policy

Natalie Baker

Director of Economic Analysis

TEAM

Inclusive Economy

We are focused on building an inclusive economy by expanding worker power, investing in families, and advancing a social compact that encourages sustainable and equitable growth.

ALSO FROM CAP

ARTICLE

The Trump Administration's Trade Wars Are Crushing U.S. Small Businesses

May 6, 2025

[Ryan Mulholland](#), [Mike Williams](#), [Doug Molof](#)

ARTICLE

The Congressional Republican Budget Plan Will Hurt Americans' Wallets

May 5, 2025

[Lucero Marquez](#), [Natalie Baker](#)

ARTICLE

Congress' Tax Bill Is Selling Out America's Public Lands and Waters

May 6, 2025

[Jenny Rowland-Shea](#), [Drew McConville](#)

REPORT

Nearshore Ocean Progress

May 5, 2025

[Alia Hidayat](#), [Grey Gowder](#), [Jasmin Graham](#)  ,
[+ 4 More](#)



The Center for American Progress is an independent nonpartisan policy institute that is dedicated to improving the lives of all Americans through bold, progressive ideas, as well as strong leadership and concerted action. Our aim is not just to change the conversation, but to change the country.



nProgress
Stay informed on the most pressing issues of our time.

Email Address	SUBMIT
---------------	--------



Learn about our sister organization, the [Center for American Progress Action Fund](#), an advocacy organization dedicated to improving the lives of all Americans.

©2025 Center for American Progress

[Terms of Use](#)
[Privacy Policy](#)
[CAP - En Español](#)
[Our Supporters](#)