

NY Fed report says Americans pay for almost all of Trump's tariffs

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The container ship Talos passes under the Verrazzano-Narrows Bridge to arrive in New York Harbor in New York City, U.S., January 16, 2026. REUTERS/Brendan McDermid/File Photo [Purchase Licensing Rights, opens new tab](#)

Summary

- NY Fed report finds Americans pay almost all of Trump's tariffs
- Fed officials tie tariffs to inflation overshoot
- Tariff outlook uncertain amid court, legislative action

Feb 12 (Reuters) - Americans are shouldering almost all of President Donald Trump's import tax surge, [a report](#) , [opens new tab](#) from the Federal Reserve Bank of New York said on Thursday.

The bank said 90% of the tariffs imposed by the president on imported goods are borne by American consumers and companies. The report pushes back against the Trump administration's argument that the levies are paid by foreigners.

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The report evaluated how tariffs impacted the economy last year, when the average of the taxes went from 2.6% to 13%. The report noted that the average level shifted over the course of the year and was at its highest in April and May, when Trump pumped up tariffs on Chinese goods to

125% before lowering them back to a still heady 113%.

The authors based their analysis on how tariffs worked in the first Trump term. When faced with these types of taxes, “our past work found that foreign exporters did not lower their prices at all, so the full incidence of the tariffs was borne by the U.S. That is, there was 100% pass-through from tariffs into import prices.”

The paper said that between January and August of last year Americans took 94% of the hit from Trump’s tariffs. During September and October, that ebbed to 92%, settling to 86% in November.

The New York Fed findings jibe with a [report](#) , [opens new tab](#) put out by the [Congressional Budget Office](#) on Wednesday.

It said “higher tariffs directly increase the cost of imported goods, raising prices for U.S. consumers and businesses.” When it comes to who will pay the tariffs, the CBO said foreign exporters will absorb 5% of the cost, and in the near term, “U.S. businesses will absorb 30% of the import price increases by reducing their profit margins; the remaining 70% will be passed through to consumers by raising prices.”

TAX TROUBLE

The imposition of the large taxes on imported goods is a cornerstone of the Trump administration's policy regime. They are being used to raise revenue for the government, and as a tool to punish other nations the president believes are taking advantage of the U.S., and as a mechanism to re-shore industry.

The imposition of the tariffs has been highly erratic, with the routine imposition of large increases followed by retreats and delays, generating periods of large volatility in financial markets and creating uncertainty in the broader economy.

Federal Reserve officials believe that much of the overshoot of their 2% inflation target this year is related to trade tariffs, and that has complicated their ability to cut interest rates after 75 basis points worth of easing last year, which was done in large part to support the job market.

On Friday, the government will release its latest report on the state of consumer prices in January. Economists expect to see a slight moderation in the year-over-year headline reading for the closely watched gauge.

Fed officials expect tariff impacts to wane as the year moves forward and to likely represent a one-time increase in the price level. That could open the door to more rate cuts, although it also means that the tariffs are likely to lead to an overall increase in the cost of living faced by Americans.

That said, at least one Fed official sees a more benign situation with the tariffs. Speaking on Monday, Fed Governor Stephen Miran, formerly a top economic advisor to the president, argued tariff impacts on the economy have been “quite muted” and the data doesn’t support the idea American businesses are in fact passing on their higher costs directly to those in the U.S.

The Trump administration faced a potential major setback in some of its tariff powers on Wednesday, when the House of Representatives [voted to end](#) his emergency tariffs on Canada. The Supreme Court is also set to rule at some point on the legality of many of Trump’s tariffs. Reporting by Michael S. Derby; Editing by Andrea Ricci

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