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# Small Sellers of Fireworks, Ski Apparel and Other Imports Can't Escape Tariff War

Small companies account for one-third of U.S. imports; many owners say they can't absorb price hikes or shift production

By [Ruth Simon](#) [Follow](#)

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Imperial Design & Display is budgeting for a sales decline of as much as 20% this year if uncertainty persists. PHOTO: CARROLL SHIPMAN

## Key Points

What's This? ⓘ

- Small businesses face challenges due to Trump's tariffs, lacking the leverage of larger companies.
- Some small businesses may close or halt production, impacting new business formation and the economy.

- Businesses are exploring options including lawsuits to cope with rising costs.

Businesses of all sizes are struggling with President Trump’s new tariff regime, but small U.S. businesses are looking to be the biggest losers.

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Small and midsize companies account for \$868 billion, or roughly one-third, of annual U.S. imports, according to the Census Bureau. And while they are dwarfed by global giants like Apple and Nike, these businesses also rely on overseas factories and [Chinese goods that still carry steep tariffs](#).

Joe Fox has decided not to open his seasonal fireworks store in Leslie, Mich., this year. “The whole decision was tariff based,” said Fox, who sold fireworks imported from China. “We didn’t want to get into something that would pass along a ton of costs to consumers,” he said. “We are closing for the foreseeable future until this is sorted out.”

[Trump’s tariff plan](#) has unnerved the stock and bond markets and prompted some big companies to rethink production and prices. But the sudden shifts and [repeated stops and starts in Trump’s trade policy](#) are roiling small businesses, which typically don’t have the same leverage to negotiate with suppliers or large cash cushions.

“I don’t think they understand that a lot of little businesses are going to go away,” said Richard Leffler, president of Nils Skiwear, an apparel company in Garden Grove, Calif. His business isn’t likely to have the cash needed to cover tariffs on orders placed in early February that are slated to arrive in mid-August for ski season.

"It's not looking very good," Leffler said. He is weighing whether to pull the plug on production and cut his losses, or continue operating in the hope that tariffs will be reduced before his apparel from China reaches the U.S. in late summer.



Backpack-maker Day Owl says it will have to raise prices. PHOTO: DAY OWL

Trump has said the new tariffs will spur more manufacturing in the U.S. and boost the economy.

Nearly two-thirds of small businesses said in a March survey that tariffs and other trade issues would hurt their businesses, according to a survey conducted for The Wall Street Journal by Vistage Worldwide. Just 8% said they would benefit from tariffs, according to Vistage, a business-coaching and peer advisory firm.

Day Owl, a small seller of backpacks made from recycled bottles, will have to boost the price of a bag that now sells for \$155 to \$210 to stay profitable if Trump's reciprocal tariffs are reinstated, said Ian Rosenberger, chief executive of the

roughly 10-person company.

Rosenberger asked his agent in Vietnam to pause production last week when Trump first announced the reciprocal tariffs. He sent a second email Wednesday after the president hit the brakes, asking the agent to move as much inventory to the U.S. as possible during the 90-day pause.

"We didn't get a resolution yesterday. We got a pause," he said. "It's very difficult to know what is going to happen the next day, let alone the next 90 days."

Some businesses are turning to the courts for relief. Simplified, a small Florida company that specializes in appointment planners made from imported Chinese material, [filed a lawsuit](#) challenging Trump's authority to impose the tariffs.

Tariffs are a big problem for Sattwa Chai, a Minneapolis chai brewery with three employees. It imports cinnamon, cloves and other spices from across the globe. “We can’t suddenly build a spice farm in the United States,” said owner Janie Geyen, whose customers include coffee shops and coffee roasters.

The company doesn’t have the working capital or space to store large volumes of ingredients. Geyen has struggled to find a U.S. supplier for the packaging it currently imports from China.

Small businesses are at a disadvantage when seeking U.S. supplies in a time of turmoil. “The big companies just swoop in and buy all of it and that creates huge issues for us,” Geyen said.



Thread Wallets, in Provo, Utah, is about to test how much it can raise prices without denting sales.

PHOTO: THREAD

Sales are already slowing in response to tariff fears and economic uncertainty, some business owners say.

Imperial Design & Display, a 35-person maker of retail displays in Minneapolis, is budgeting for a 10%-to-20% decrease in sales this year, assuming the current level of uncertainty remains.

“We were so busy up until the first week of January and then it just really fell off a cliff,” said Imperial’s owner, Carroll Shipman. Tariffs have boosted both the prices of raw materials used to make displays in the U.S. and the cost of displays Imperial imports from Vietnam and Taiwan.



Imperial must pay the higher tariffs within days after the goods arrive, but typically it doesn't collect payment from customers until 30 to 60 days after delivery. "It comes out of working capital we use for new equipment or new employees or adding to payroll," Shipman said. The company isn't filling open positions and has cut the second-shift hours by half.

Thread Wallets, a Provo, Utah, accessories company with five retail locations, is about to test how much it can raise prices without denting sales.

"When to raise prices, how to raise prices, there is just more uncertainty than there was earlier the week," said finance chief Ryan King. Even under Trump's revised tariff plan, King estimates the company will pay an extra \$250,000 this year. It currently produces one-third of its goods in China, one-third in Cambodia and one-third in Vietnam.



Imperial Design & Display imports materials for display cases that it manufactures in the U.S. PHOTO: CARROLL SHIPMAN

When a big retailer placed a new order for the coming holiday season, Thread Wallets was unable to set a price. "That's simply because of the fluidity of these tariffs," King said.

Rosenberger of Day Owl, the backpack company, said his Vietnamese production agent has told him that the company would still be on the hook for the cost of materials if it cancels the order now in production. He has called some customers to warn them about price increases.

He figures the ripple effect of Trump's tariff moves could last at least a year even if the tariffs go away. "In the White House, it might feel like 30 days or 60 days and we will be liberated," he said. "It doesn't feel very liberating for small business."

Write to Ruth Simon at [Ruth.Simon@wsj.com](mailto:Ruth.Simon@wsj.com)

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How are tariffs impacting you? How are they impacting the business you own or work for?\*

Are you making any changes in your savings or investments plans because of tariffs? Are you making any changes in your spending? Please tell us about the choices you have made and why.\*

Is the business you own or work for making any changes in its spending, hiring or investments plans? Is it making changes in pricing or sourcing? Please tell us what's happening and why.\*

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