



## **Fact Sheet: President Donald J. Trump Declares National Emergency to Increase our Competitive Edge, Protect our Sovereignty, and Strengthen our National and Economic Security**

**PURSuing RECIPROCIty TO REBUIld THE ECONOMY AND RESTORE NATIONAL AND ECONOMIC SECURITY:** Today, President Donald J. Trump declared that foreign trade and economic practices have created a national emergency, and his order imposes responsive tariffs to strengthen the international economic position of the United States and protect American workers.

- Large and persistent annual U.S. goods trade deficits have led to the hollowing out of our manufacturing base; resulted in a lack of incentive to increase advanced domestic manufacturing capacity; undermined critical supply chains; and rendered our defense-industrial base dependent on foreign adversaries.
- President Trump is invoking his authority under the International Emergency Economic Powers Act of 1977 (IEEPA) to address the national emergency posed by the large and persistent trade deficit that is driven by the absence of reciprocity in our trade relationships and other harmful policies like currency manipulation and exorbitant value-added taxes (VAT) perpetuated by other countries.
- Using his IEEPA authority, President Trump will impose a 10% tariff on all countries.
  - This will take effect April 5, 2025 at 12:01 a.m. EDT.
- President Trump will impose an individualized reciprocal higher tariff on the countries with which the United States has the largest trade deficits. All other countries will continue to be subject to the original 10% tariff baseline.
  - This will take effect April 9, 2025 at 12:01 a.m. EDT.
- These tariffs will remain in effect until such a time as President Trump determines that the threat posed by the trade deficit and underlying nonreciprocal treatment is satisfied, resolved, or mitigated.
- Today's IEEPA Order also contains modification authority, allowing President Trump to increase the tariff if trading partners retaliate or decrease the tariffs if trading partners take significant steps to remedy non-reciprocal trade arrangements and align with the United States on economic and national security matters.
- Some goods will not be subject to the Reciprocal Tariff. These include: (1) articles subject to 50 USC 1702(b); (2) steel/aluminum articles and autos/auto parts already subject to Section 232 tariffs; (3) copper, pharmaceuticals, semiconductors, and lumber articles; (4) all articles that may become subject to future Section 232 tariffs;



(5) bullion; and (6) energy and other certain minerals that are not available in the United States.

- For Canada and Mexico, the existing fentanyl/migration IEEPA orders remain in effect, and are unaffected by this order. This means USMCA compliant goods will continue to see a 0% tariff, non-USMCA compliant goods will see a 25% tariff, and non-USMCA compliant energy and potash will see a 10% tariff. In the event the existing fentanyl/migration IEEPA orders are terminated, USMCA compliant goods would continue to receive preferential treatment, while non-USMCA compliant goods would be subject to a 12% reciprocal tariff.

**TAKING BACK OUR ECONOMIC SOVEREIGNTY:** President Trump refuses to let the United States be taken advantage of and believes that tariffs are necessary to ensure fair trade, protect American workers, and reduce the trade deficit—this is an emergency.

- He is the first President in modern history to stand strong for hardworking Americans by asking other countries to follow the golden rule on trade: Treat us like we treat you.
- Pernicious economic policies and practices of our trading partners undermine our ability to produce essential goods for the public and the military, threatening national security.
- U.S. companies, according to internal estimates, pay over \$200 billion per year in value-added taxes (VAT) to foreign governments—a “double-whammy” on U.S. companies who pay the tax at the European border, while European companies don’t pay tax to the United States on the income from their exports to the U.S.
- The annual cost to the U.S. economy of counterfeit goods, pirated software, and theft of trade secrets is between \$225 billion and \$600 billion. Counterfeit products not only pose a significant risk to U.S. competitiveness, but also threaten the security, health, and safety of Americans, with the global trade in counterfeit pharmaceuticals estimated at \$4.4 billion and linked to the distribution of deadly fentanyl-laced drugs.
  - This imbalance has fueled a large and persistent trade deficit in both industrial and agricultural goods, led to offshoring of our manufacturing base, empowered non-market economies like China, and hurt America’s middle class and small towns.
  - President Biden squandered the agricultural trade surplus inherited from President Trump’s first term, turning it into a projected all-time high deficit of \$49 billion.



- The current global trading order allows those using unfair trade practices to get ahead, while those playing by the rules get left behind.
- In 2024, our trade deficit in goods exceeded \$1.2 trillion—an unsustainable crisis ignored by prior leadership.
- “Made in America” is not just a tagline—it’s an economic and national security priority of this Administration. The President’s reciprocal trade agenda means better-paying American jobs making beautiful American-made cars, appliances, and other goods.
- These tariffs seek to address the injustices of global trade, re-shore manufacturing, and drive economic growth for the American people.
- Reciprocal trade is America First trade because it increases our competitive edge, protects our sovereignty, and strengthens our national and economic security.
- These tariffs adjust for the unfairness of ongoing international trade practices, balance our chronic goods trade deficit, provide an incentive for re-shoring production to the United States, and provide our foreign trading partners with an opportunity to rebalance their trade relationships with the United States.

**REPRIORITIZING U.S. MANUFACTURING:** President Trump recognizes that increasing domestic manufacturing is critical to U.S. national security.

- In 2023, U.S. manufacturing output as a share of global manufacturing output was 17.4%, down from 28.4% in 2001.
- The decline in manufacturing output has reduced U.S. manufacturing capacity.
  - The need to maintain a resilient domestic manufacturing capacity is particularly acute in advanced sectors like autos, shipbuilding, pharmaceuticals, transport equipment, technology products, machine tools, and basic and fabricated metals, where loss of capacity could permanently weaken U.S. competitiveness.
- U.S. stockpiles of military goods are too low to be compatible with U.S. national defense interests.
  - If the U.S. wishes to maintain an effective security umbrella to defend its citizens and homeland, as well as allies and partners, it needs to have a large upstream manufacturing and goods-producing ecosystem.
  - This includes developing new manufacturing technologies in critical sectors like bio-manufacturing, batteries, and microelectronics to support defense needs.
- Increased reliance on foreign producers for goods has left the U.S. supply chain vulnerable to geopolitical disruption and supply shocks.



- This vulnerability was exposed during the COVID-19 pandemic, and later with Houthi attacks on Middle East shipping.
- From 1997 to 2024, the U.S. lost around 5 million manufacturing jobs and experienced one of the largest drops in manufacturing employment in history.

**ADDRESSING TRADE IMBALANCES:** President Trump is working to level the playing field for American businesses and workers by confronting the unfair tariff disparities and non-tariff barriers imposed by other countries.

- For generations, countries have taken advantage of the United States, tariffing us at higher rates. For example:
  - The United States imposes a 2.5% tariff on passenger vehicle imports (with internal combustion engines), while the European Union (10%) and India (70%) impose much higher duties on the same product.
  - For networking switches and routers, the United States imposes a 0% tariff, but India (10-20%) levies higher rates.
  - Brazil (18%) and Indonesia (30%) impose a higher tariff on ethanol than does the United States (2.5%).
  - For rice in the husk, the U.S. imposes a tariff of 2.7%, while India (80%), Malaysia (40%), and Turkey (31%) impose higher rates.
  - Apples enter the United States duty-free, but not so in Turkey (60.3%) and India (50%).
- The United States has one of the lowest simple average most-favored-nation (MFN) tariff rates in the world at 3.3%, while many of our key trading partners like Brazil (11.2%), China (7.5%), the European Union (5%), India (17%), and Vietnam (9.4%) have simple average MFN tariff rates that are significantly higher.
- Similarly, non-tariff barriers—meant to limit the quantity of imports/exports and protect domestic industries—also deprive U.S. manufacturers of reciprocal access to markets around the world. For example:
  - China’s non-market policies and practices have given China global dominance in key manufacturing industries, decimating U.S. industry. Between 2001 and 2018, these practices contributed to the loss of 3.7 million U.S. jobs due to the growth of the U.S.-China trade deficit, displacing workers and undermining American competitiveness while threatening U.S. economic and national security by increasing our reliance on foreign-controlled supply chains for critical industries as well as everyday goods.
  - India imposes their own uniquely burdensome and/or duplicative testing and certification requirements in sectors such as chemicals, telecom



products, and medical devices that make it difficult or costly for American companies to sell their products in India. If these barriers were removed, it is estimated that U.S. exports would increase by at least \$5.3 billion annually.

- Countries including China, Germany, Japan, and South Korea have pursued policies that suppress the domestic consumption power of their own citizens to artificially boost the competitiveness of their export products. Such policies include regressive tax systems, low or unenforced penalties for environmental degradation, and policies intended to suppress worker wages relative to productivity.
- Certain countries, like Argentina, Brazil, Ecuador, and Vietnam, restrict or prohibit the importation of remanufactured goods, restricting market access for U.S. exporters while also stifling efforts to promote sustainability by discouraging trade in like-new and resource-efficient products. If these barriers were removed, it is estimated that U.S. exports would increase by at least \$18 billion annually.
- The UK maintains non-science-based standards that severely restrict U.S. exports of safe, high-quality beef and poultry products.
- Indonesia maintains local content requirements across a broad range of sectors, complex import licensing regimes, and, starting this year, will require natural resource firms to onshore all export revenue for transactions worth \$250,000 or more.
- Argentina has banned imports of U.S. live cattle since 2002 due to unsubstantiated concerns regarding bovine spongiform encephalopathy. The United States has a \$223 million trade deficit with Argentina in beef and beef products.
- For decades, South Africa has imposed animal health restrictions that are not scientifically justified on U.S. pork products, permitting a very limited list of U.S. pork exports to enter South Africa. South Africa also heavily restricts U.S. poultry exports through high tariffs, anti-dumping duties, and unjustified animal health restrictions. These barriers have contributed to a 78% decline in U.S. poultry exports to South Africa, from \$89 million in 2019 to \$19 million 2024.
- U.S. automakers face a variety of non-tariff barriers that impede access to the Japanese and Korean automotive markets, including non-acceptance of certain U.S. standards, duplicative testing and certification requirements, and transparency issues. Due to these non-reciprocal practices, the U.S.



automotive industry loses out on an additional \$13.5 billion in annual exports to Japan and access to a larger import market share in Korea—all while the U.S. trade deficit with Korea more than tripled from 2019 to 2024.

- Monetary tariffs and non-monetary tariffs are two distinct types of trade barriers that governments use to regulate imports and exports. President Trump is countering both through reciprocal tariffs to protect American workers and industries from these unfair practices.

**THE GOLDEN RULE FOR OUR GOLDEN AGE:** Today's action simply asks other countries to treat us like we treat them. It's the Golden Rule for Our Golden Age.

- Access to the American market is a privilege, not a right.
- The United States will no longer put itself last on matters of international trade in exchange for empty promises.
- Reciprocal tariffs are a big part of why Americans voted for President Trump—it was a cornerstone of his campaign from the start.
  - Everyone knew he'd push for them once he got back in office; it's exactly what he promised, and it's a key reason he won the election.
- These tariffs are central to President Trump's plan to reverse the economic damage left by President Biden and put America on a path to a new golden age.
  - This builds on his broader economic agenda of energy competitiveness, tax cuts, no tax on tips, no tax on Social Security benefits, and deregulation to boost American prosperity.

**TARIFFS WORK:** Studies have repeatedly shown that tariffs can be an effective tool for reducing or eliminating threats that impair U.S. national security and achieving economic and strategic objectives.

- A 2024 study on the effects of President Trump's tariffs in his first term found that they "strengthened the U.S. economy" and "led to significant reshoring" in industries like manufacturing and steel production.
- A 2023 report by the U.S. International Trade Commission that analyzed the effects of Section 232 and 301 tariffs on more than \$300 billion of U.S. imports found that the tariffs reduced imports from China and effectively stimulated more U.S. production of the tariffed goods, with very minor effects on prices.
- According to the Economic Policy Institute, the tariffs implemented by President Trump during his first term "clearly show[ed] no correlation with inflation" and only had a temporary effect on overall price levels.



- An analysis from the Atlantic Council found that “tariffs would create new incentives for US consumers to buy US-made products.”
- Former Biden Treasury Secretary Janet Yellen affirmed last year that tariffs do not raise prices: “I don’t believe that American consumers will see any meaningful increase in the prices that they face.”
- A 2024 economic analysis found that a global tariff of 10% would grow the economy by \$728 billion, create 2.8 million jobs, and increase real household incomes by 5.7%.