

# Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficit

## **Executive Order #14257**

Date Issued: April 2, 2025

Topic: Tariffs, Trade, Economic Opportunity, Global Affairs

### WHAT DOES THIS EXECUTIVE ORDER DO?

- This executive order declares a national emergency to address the \$1.2 trillion U.S. goods trade deficit, driven by non-reciprocal tariff rates and non-tariff barriers that disadvantage U.S. exports.
- The order aims to rebalance trade flows by imposing reciprocal tariffs and revitalizing domestic manufacturing, particularly in critical sectors like defense and technology.
- The order includes key actions of tariff rebalancing by imposing duties on imports from countries with higher tariff rates than the U.S., such as India, China, European Union, Brazil, Vietnam and Turkey.
- The order encompasses non-tariff barriers hidden restrictions that foreign nations use to block U.S. goods - which target practices like technical standards, import licensing restrictions, and inadequate intellectual property protections. It also includes currency practices, value-added taxes, suppressed wages in trading partners (e.g., China's 39% consumption to Gross Domestic Product ratio vs. U.S. 68%), weak labor/environmental standards, and corruption.
- The order further prioritizes rebuilding domestic capacity designated as critical infrastructure in defense-industrial sectors (e.g., biomanufacturing, microelectronics) and agriculture.

## **HOW WILL THIS EXECUTIVE ORDER BE ENFORCED?**

- This executive order authorizes the United States Trade Representative, in consultation with the Secretaries of State, Treasury, Commerce, and Homeland Security, as well as the Assistant to the President for Economic Policy, the Senior Counselor for Trade and Manufacturing, the Assistant to the President for National Security Affairs, and the Chair of the International Trade Commission to implement and submit recurring and final reports to Congress on the declared national emergency, ensuring oversight and legislative awareness.
- The order will be enforced through U.S. Customs and Border Protection, which is authorized to collect documentation to verify the U.S. content and substantial transformation/finishing of imported goods.
- The order subjects goods from Canada or Mexico that do not meet the United States of America, United Mexican States, and Canada origin rules to a 25% additional ad valorem duty, while non-originating Canadian energy resources and potash face a reduced 10% duty.
- The order grants the President the authority to modify these tariffs under specific conditions, detailing scenarios for adjustments based on national security, economic stability, or reciprocal agreements with trading partners.
- The order allows for excluded products, particularly those deemed essential to U.S. interests, such as defense systems or public health goods. These exclusions avoid disrupting key sectors while maintaining leverage in trade negotiations.

## **HOW DOES THIS IMPACT BLACK COMMUNITIES?**

- Many Black communities, especially in industrial cities like Detroit, Cleveland, and Chicago, have suffered from industrial decline. Between 1998 and 2020, total Black manufacturing employment declined by 30.4%, contributing to the broader loss of over <u>5 million</u> manufacturing jobs, leading to factory closures due to globalization and outsourcing. This order could boost domestic production, potentially leading to more job opportunities in manufacturing sectors where Black workers have historically been wellrepresented.
- Many Black-owned businesses rely on imported goods, raw materials, and components. Tariffs increase the cost of these imports, increase production expenses, and reduce profit margins, especially for small businesses with tight budgets. Tariffs can disrupt established supply chains, forcing Blackowned businesses to find new suppliers or products—often at higher costs or with longer delays. Retaliatory tariffs from U.S. trading partners can restrict export opportunities. This can hurt Black entrepreneurs trying to grow their businesses in international markets, reducing competitiveness and sales.
- As tariffs lead to higher prices for goods, consumers may cut back on spending. Black-owned businesses, many of which serve local or low- to middle-income communities, may experience reduced sales. For example, the <u>Black haircare industry</u> imports a large percentage of its products from China and India and increased tariffs could lead to higher costs for both Black business owners and consumers.
- Industries that employ Black workers, such as retail, service, and logistics, may be negatively impacted if supply chain costs increase or international trade slows down. Black workers represent 13% of the overall U.S. workforce but account for a disproportionately high 20% of employment in the transportation industry. If U.S. imports decline, it could jeopardize jobs at ports, transportation hubs, and logistics where many Black workers are employed, potentially harming their economic stability.
- The imposition of reciprocal tariffs could increase the cost of imported goods, such as electronics, clothing, and food, disproportionately affecting low-income Black households that rely on affordable goods. Companies will likely pass higher production costs on to consumers, and inflation could strain family budgets.

# **HOW ARE CBC MEMBERS RESPONDING?**

- The Congressional Black Caucus (CBC) has maintained a commitment to economic empowerment for Black Americans for over 50 years. CBC Members have responded to this executive order with concern about its impact on Black communities.
  - Rep. Troy A. Carter, Sr., 1st Vice Chair of the CBC, issued the following statement responding to the tariffs: "When Donald Trump imposes tariffs, he isn't taxing foreign governments—he's taxing us. Prices will go up on goods we rely on: clothing, food, appliances, and construction materials. Our port workers, truck drivers, shipbuilders, and small business owners will all feel the sting of these costs passed down from Washington. [...] When the price of goods goes up, it doesn't just hurt the consumer—it hurts the economy of the entire district. Trump is raising taxes on working people in the 2nd District while giving billionaires and big corporations massive tax breaks. That's not leadership—that's a betrayal of the people who keep this country running." Full Statement
  - Senator Reverend Raphael Warnock issued the following statement responding to this executive order: "Today, the Trump Administration announced sweeping tariffs on imports that will raise the price of everything from groceries to cars to homes. Make no mistake: this is bad news for America's hard-working families. It's baffling that in a time when the cost of living is already too high, the President, who campaigned on lowering prices, would put in place policies that will surely make everyday goods more expensive. This is a cynical sales tax on ordinary people put in place to excuse a massive tax cut for millionaires and billionaires. It's clear this administration is focused on them and not on you. I will fight this tariff tax on working people and always work to lower your costs."