

Unpacking the US Tariffs

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Tariff Timeline

1 Feb 2025	The US announces 25% tariffs against Canada, Mexico, and 10% tariff against China
	Canada announces two rounds of retaliatory 25% tariffs on a total of \$155 billion worth of goods
3 Feb 2025	Tariffs against Mexico and Canada placed on hold for 30 days
4 Feb 2025	Tariffs on China take effect
	China announces retaliatory tariffs, ranging between 10% and 15% and export controls on US
10 Feb 2025	Chinese retaliatory tariffs come into effect
	25% tariffs on aluminium and steel imports announced
4 Mar 2025	Delayed 25% tariffs against Canada and Mexico take effect.
	10% tariffs on Canadian oil and energy products are also imposed
	Additional 10% levy on Chinese imports announced, bringing the total tariff on Chinese imports to 20%
	Canada announces that the first round of retaliatory tariffs will come into immediate effect, amounting to 25% tariffs on \$30 billion worth of goods
	China announces further tariffs on more US goods, as well as adding 10 US companies to the unreliable entity list
6 Mar 2025	US announces that imports from Canada and Mexico that satisfy USMCA rules of origin requirements are exempt from 4 Mar tariffs
10 Mar 2025	Chinese retaliatory tariffs come into effect
11 Mar 2025	US announces additional 25% tariff on steel and aluminium imports from Canada following retaliatory statements from Canada; the US backed down to original 25% hours later
12 Mar 2025	12% tariffs on steel and aluminium imports from around the world come into effect
	EU announces two-part retaliation against US tariffs. The first part which restores the EU's rebalancing tariff packages from 2018 and 2020 will go into effect on 1 April
	Canada announces new retaliatory tariffs of 25% on goods worth \$29.8 billion. These are to come into effect on 13 Mar
25 Mar 2025	US announces that any country that imports Venezuelan oil will face 25% tariffs
26 Mar 2025	US announces 25% tariffs on automobiles and certain automobile parts
2 April 2025	US announces a baseline tariff of 10% on nearly every country in the world, starting on 5 April, as well as reciprocal tariffs on certain countries starting on 9 April. Baseline and reciprocal tariffs bring the total tariff to 20% for the EU and 34% for China
3 April 2025	US announces that 25% tariffs on automobiles come into effect but tariffs on automobile parts are delayed to a later date
	Canada announces 25% tariffs on non-USMCA compliant vehicles from US in retaliation of US tariffs on automobiles

4 April 2025	China announces retaliatory tariffs of 34%
5 April 2025	US baseline tariff comes into effect
8 April 2025	US announces additional 50% tariff on China due to their 34% retaliatory tariff, bringing the total tariff on China to 84%
9 April 2025	US reciprocal tariffs come into effect, but President Trump later announced that these would be paused for 90 days. He also announced that China would face a tariff of 125% and not the combine tariff of 84%. These changes did not go into effect until 10 April
	Canadian tariffs on US automobiles come into effect
	China announces a further 50% tariff in response to the US' tariff announcement on 8 April to go into effect on 10 April
	EU Member States agree to tariffs on US worth \$22 billion in retaliation to tariffs on aluminium and steel. Some of these tariffs to come into effect on 15 April, some on 15 May, and others in the fall
10 April 2025	EU announces they will pause their retaliation to US tariffs for 90 days
11 April 2025	In response to President Trump's announcement of 125% tariff against China, China announces 125% tariff against the US
	US clarify a list of products that will not be subject to tariffs. These include smartphones and other consumer electronic goods containing semiconductors
12 April 2025	China's 125% tariff on US goods comes into effect
14 April 2025	US Commerce Department reveals the Secretary of Commerce initiated an investigation on 1 April into whether imports of pharmaceuticals, pharmaceutical ingredients, semiconductors, and semiconductor manufacturing equipment pose a threat to US national security
29 April 2025	President Trump signs executive order, simplifying tariff regime for car parts, sparing manufacturers from some of the steepest tariffs, and offers small rebates to those that make their vehicles in the US
8 May 2025	US and UK sign limited trade deal that reduces some punitive tariffs on car and steel exports but does not reverse flat 10% tariff
12 May 2025	US and China agree delay that reduces tariffs for at least 90 days. US agree to reduce their tariffs on China from 145% to 30%. China agree to reduce their tariffs on the US from 125% to 10%, while also suspending or cancelling non-tariff measures against the US
28 May 2025	The Court of International Trade finds that President Trump's tariffs, announced on 2 April, are illegal
3 June 2025	Tariffs on steel and aluminium are increased to 50% effective from the following day. Tariffs on steel and aluminium goods from the UK remain at 25%
11 June 2025	President Trump announces a deal with China, with no further details given

What are Tariffs?

A tariff is a tax on foreign-made goods or services imported into the country. A tariff increases the price of a good or service entering a country. The tariff is paid to the home government by the company importing the good. This price increase is then passed onto consumers.

Tariffs are meant to protect domestic industries by increasing the price of foreign-made goods or services and steer consumers towards domestic-made goods or services. This would then increase domestic production, as well as profits for domestic firms. Tariffs are also a source of revenue for governments.

Tariffs are also used to address unfair trading practices, where they counteract measures taken by countries or firms. For example, in 2024 the [EU imposed tariffs on Chinese biodiesel](#), when it found that that Chinese biodiesel was being sold in EU markets at unfairly low prices.

With domestic firms paying the tariff to the home government, the cost of this tariff is usually passed on to consumers in the guise of price increases. This is particularly true in industries where profit margins are small. [Research](#) has shown that Americans have borne the brunt of tariffs on Chinese products, with [poor Americans being hit the hardest by tariffs](#).

Tariffs can also negatively impact domestic industries, as firms who use foreign goods or services as inputs would experience price increases. A [study from 2020](#), found that American tariffs on steel and aluminium can be linked to the loss of around 75,000 manufacturing jobs while they only created around 1,000 jobs.

Tariffs, by design, hurt foreign exporters due to fact that they impact the demand for foreign goods or services. Foreign exporters may be forced to cut the price of their good to remain competitive. Maintaining and cutting prices can have a detrimental effect, both on the foreign exporter's profits and the economy of the foreign exporter's country.

What has the Trump Administration announced?

During the 2024 Presidential Election, Donald Trump stated repeatedly that he would place tariffs of between 10 and 20 per cent on goods from all over world, as well as placing a special 60% rate on goods from China.

At the beginning of February, President Trump announced his first set of tariffs to be placed on Canada and Mexico, the US' biggest trading partners, and China. Following two rounds of retaliatory tariffs being announced by Canada, the tariffs on Canada and Mexico were place on hold for 30 days on 3 February, but the tariff against China came into effect the following day. President Trump further backtracked on the tariffs on Canada and Mexico in an executive order signed on 6 March.

In the following weeks, President Trump announced further tariffs on all steel and aluminium imports into the US, auto imports, as well as tariffs on any country that imported Venezuelan oil.

On 2 April, President Trump revealed a new tariff scheme that covers 185 countries. Beginning on 5 April, the new tariff scheme includes a baseline 10% tariff on all countries. The scheme includes additional levies called reciprocal tariffs. The EU had a reciprocal tariff of 10% placed on them, meaning the total tariff on EU goods is 20%, while a reciprocal tariff of 24% was placed on Chinese goods, increasing the previously enforced 10% tariff to 34%.

Following retaliation from the Chinese government, President Trump announced on 8 April that China would be hit with a further 50% tariff, increasing their tariff to 84%. The following day, President Trump revealed that all reciprocal tariffs would be delayed for 90 days but the baseline tariff would remain. He also announced that the tariff on Chinese imports would increase to 125%. The delay on reciprocal tariffs is due to expire on 9 July, however, [it has been indicated](#) that this will be extended for those countries or trading blocs in negotiations with the US. It was later announced on 7 July that the reciprocal tariffs would not come into effect until 1 August. On 11 April, President Trump revealed that consumer electronics such as smartphones would be exempt from reciprocal tariffs but signalled that this would only be temporary.

Has the US done anything like this in the past?

Donald Trump is not the first US president to introduce highly protectionist tariffs. However, in the US' early days, implemented tariffs [“strove to balance \(a\) maximising revenue under low impost-style rates on heavily imported goods and \(b\) affording “incidental” protection to specific industries through differentiated rates”](#).

John Quincy Adams introduced highly protectionist tariffs, reaching as high as 50%, known as the Tariff of Abominations in 1828, to protect burgeoning domestic industries. In 1842, the Black Tariff was signed into law by President John Adams, leading to a fall US imports and global trade. President Benjamin Harrison, of the Republican Party, introduced the McKinley Tariff in 1890, raising tariff levels to 50%. The disruption to international commodities and markets for US wheat, caused by the tariff, led to the panic of 1893.

The Smoot-Hawley Tariff was introduced in 1930 by President Herbert Hoover to protect American businesses and farmers following the stock market crash of 1929. Named after the two Republican politicians that sponsored this piece of legislation, Senator Reed Smoot and Representative Willis Hawley, this act increased tariff rates to over 50% on industrial and agricultural products. Following the introduction of the tariffs, industrial production rose for a brief period, but global trade fell by 66%. Exports fell by 61% between 1929 and 1933, and import dropped by 66%, US GDP fell by 46% and unemployment rose by 8% during the same period.

What impact will the tariffs have on Ireland and the EU?

Leading up the President Trump's 'Liberation Day' announcement on 2 April, Ireland was [earmarked as among the countries in the EU to be the hardest hit by the tariffs](#). Following the announcement on 2 April, it was clear that the [food and drink sector was most exposed](#), with Irish whiskey, beef, and dairy being premium products in the American market. The [Department of Finance revealed](#) that the economic growth would slow to 2% this year if the EU if the 10% tariff on all EU goods remains in place.

Tariffs are a significant area of concern for the pharmaceutical sector in Ireland. President Trump has previously called on pharmaceutical companies to bring their operations back to the US. The 90 plants involved in drug manufacturing in Ireland made [sales of €44 billion to the US](#) in 2024, benefitting the Irish economy enormously. The US President's speech on 2 April announcing his new tariff scheme, made no mention of tariffs on pharmaceuticals but it was later revealed that they would be part of a separate package of tariffs. The Irish Government argued for discussions on pharmaceuticals to be included in the broader talks on tariffs on EU goods, but Howard Lutnick, the US Commerce Secretary, ruled that out.

The Irish tech industry could also be impacted by President Trump's tariffs. With semiconductors playing such a major role in the world today, 15 of the world's top 30 semiconductor supply chain firms have operations in Ireland. Intel is the biggest player in this sector, investing €30 billion in its operation in Ireland. Semiconductor chips have been temporarily exempted from the US' tariffs but there are plans to introduce a duty on them. Even though tariffs usually only apply on finished products, tariffs on automobile parts that President Trump introduced show that duties could be placed on intermediate goods, which is what Intel in Ireland mainly produce.

Irish small-and-medium-sized enterprises (SMEs) are likely to be hit hardest by the tariffs, as they lack the scale and infrastructure of larger firms. As a result of the tariffs, some firms have moved to diversify their export markets. For example, [Clonakilty Whisky are looking to export more to China, Hong Kong, Australia, and Nigeria](#).

After President Trump's announcement of a 20% tariffs on imports from the EU, it was estimated that up [to €380 billion worth of goods would be impacted](#), accounting for 70% of EU exports to the US. The impact that the tariffs will have on inflation is difficult to determine without knowing the full extent of the EU's response to the tariffs. However, in the long-term, [a trade war would actually be disinflationary for Europe](#).

What is the bigger picture?

On 22 April, the [IMF cut its global growth forecast for this year from 3.3% to 2.8%](#) as a result of the US tariffs. They also cut their estimate for US economic growth from 2.7% to 1.8%. The IMF has warned that there is now a 40% chance of the US experiencing a recession this year. President Trump has insisted that the tariffs will increase domestic demand for American goods, increase tax revenue, and lead to more inward investment but the IMF has emphasised the negative impact that the tariffs will have on global trade due modern supply links being so interlinked. The tariffs have had [direct effects](#) such as price rises, disrupted supply chains, and the erosion of real incomes. These direct impacts are being made worse by a volatile policy environment.

President Trump's approach has also put the modern global trade system, which has been in place since 1947, at risk. The rules based system that was agreed upon in Geneva over 70 years ago, includes two important principles; "[treat other countries equally, and treat foreign firms like you treat your own](#)". The President has instead ignored these rules and instead has used his power to target nations individually, as well as whole sectors. This approach from the US leaves the door open to other countries or regions following a similar suit. For example, the EU or China might also ignore these rules to specifically target other countries or discriminate against American exports.

This brings into question the role of the World Trade Organisation (WTO). The WTO's dispute settlement process is a critical part of the multilateral trading system. Part of the dispute settlement system involves WTO members agreeing "[that if they believe fellow-members are violating trade rules, they will use the multilateral system of settling disputes instead of taking action unilaterally. That means abiding by the agreed procedures, and respecting judgments](#)". The WTO's traditional position of arbiter in trade disputes has been weakened over the past few years. During President Trump's first term, a [US judge blocked new appointments to the WTO's Appellate Body](#), its top dispute settlement arm, thus impeding it from enforcing WTO rules. The Biden administration also blocked appointments to the Appellate Body. Now in his second term, the Trump administration has also halted funding to the WTO.

With Appellate Body out of action, a group of nations set up the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) in 2020, as a temporary replacement for the Appellate Body in order to maintain a functional dispute mechanism. However, this body only applies to nations that participate in it. Though it includes major players such as China, the EU, Canada and Japan, nations that do not participate include the US, India, and Russia. The current trend is that fewer cases are being brought to the WTO by states which signifies that more and more countries do not see the dispute settlement system as effective. Without effective enforcement, the WTO and its global trade rules appear to be on the road towards being meaningless and hollow.

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