



Economic and Diplomatic Impacts of President Trump's Array of April 2nd Tariffs

President Trump unveiled his long-anticipated multitude of April 2nd tariffs this week, invoking the International Emergency Economic Powers Act (IEEPA) to try and justify the new measures. At a White House Rose Garden event on Wednesday, Trump announced that he will impose a baseline 10% tariff on imports from all countries effective this weekend, plus additional individualized ones on dozens of other nations that the United States has the largest trade deficits with that will be implemented on April 9th. While President Trump attempts to frame the tariffs as a means of reducing trade deficits and bringing foreign manufacturing back to the United States, many analysts and economic experts contend that they are not likely to create the desired results he is looking for. Instead, observers warn that the barrage of tariffs will bring about a rise in inflation, a slowing down of economic growth, higher prices, a decline in consumer sentiment, and a destabilization of the United States' role in the global economy. The adverse economic impact of an escalating global trade war due to both the expected tit-for-tat retaliations from U.S. trading partners and potential further Trump administration actions in response to these is also certain to be felt. The economic uncertainty and unpredictability on the world market that the trade policies will trigger could have negative ramifications as well.

In recent weeks leading up to this array of new April 2nd tariffs, we have already seen how President Trump's back-and-forth trade policy actions and reversals have wreaked havoc on the global market – something that will continue to be the case with further retaliations and countermeasures moving forward. The inconsistent trade policies and on-again, off-again tariff threats have prompted notable concern and volatility among the market and American importers, while rattling business and consumer confidence. This uncertainty has even propelled some Congressional Republicans like U.S. Senator Susan Collins (R-ME) to join many Democrats in expressing opposition to Trump's tariffs, with Collins noting how her state of Maine's economy is closely integrated with that of Canada's and that thus the Trump measures will cause serious disruptions for both Canada and the United States. While it remains to be seen which countries will be most affected by Trump's new tariffs and to what extent, commentators have predicted that nations such as [Mexico, Canada, Germany, France, Japan, South Korea, China, Vietnam, Ireland, India, Italy, Thailand, Switzerland, Sweden, and others](#) will be among these due to the size of the United States' trade deficit in goods with them.

Economists foresee the growing likelihood of a recession, higher prices, a stagnation in growth, and reduced consumer sentiment because of the new tariffs. As one argued, "This is how you sabotage the world's economic engine while claiming to supercharge it...The tariffs push prices higher on thousands of everyday goods – from phones to food – and that will fuel inflation." Recent surveys also seem to align with this skepticism regarding the tariffs. According to [a CBS News poll with the collaboration of YouGov](#), a majority of respondents, 55%, agree that the Trump administration is focusing too much on the placing of tariffs, and 64% believe that it is not focusing enough on lowering prices instead. The survey also revealed a significant drop-off in the percentage of Americans who feel that Trump's policies are making them financially better off. Back in January, 42% felt they were better off and 28% felt they were worse off financially. Now, just a few months later, only 23% believe that they are better off, while 42% think they are worse off than before. Another poll, [conducted by AP-NORC](#), demonstrated that 60% of Americans disagree with Trump's handling of trade negotiations with other countries, and 58% also disapprove of his handling of the economy as well. The climate surrounding the state of the economy and the unease over the

prospect of an exacerbating trade war appear to be key factors that are playing a role in fueling this shift in sentiment.

President Trump's rollout of new tariffs has seen the U.S. stock market suffer its worst day yesterday since the height of the COVID-19 pandemic back in mid-2020. The markets had already been reeling coming into this week in the lead-up to Trump's Wednesday array of tariffs announcement, as both the S&P 500 and the Nasdaq had recorded their worst quarter in years due to the growing uncertainty around the potential impact of the Trump trade policies and reversals. The shares of several multinational companies also tumbled significantly, with powerhouses like Nike and Apple dropping 14% and 9%, respectively. Unsurprisingly, in light of the news of the new tariffs, major sellers of imported goods were among those hit the hardest as well.

Diplomatically, the array of new tariffs and expected retaliations, on top of possible further Trump measures in response to the latter, are sure to hinder relations between the United States and countries around the world. A number of nations have vowed to initiate countermeasures of their own, which have raised concern that an escalating tit-for-tat trade war could devastate the global economy. One of the most noteworthy retaliations thus far has come from China, which has announced that it will match President Trump's plan for 34% tariffs on goods with its own equal tariff percentage on imports from the United States. The new Chinese countermeasures include restrictions on American companies as well, as it added various U.S. entities to an export control list and placed more than ten on what it deems an "unreliable entity" list. In addition to China, it is anticipated that others like Canada and the European Union will also likely initiate impactful retaliatory measures against the United States. With the new reciprocal U.S. tariffs not officially kicking in until April 9th, countries have a handful of days to either try and cut a deal with the Trump administration or respond with retaliations of their own.