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Reciprocal Tariffs Begin as U.S. Matches Foreign Trade Barriers and Eyes \$600 Billion

Trump's policy targets countries imposing duties on U.S. goods, with global scope across steel, autos, semiconductors, and more. Auto tariffs begin April 3. Canada, Mexico, and EU plan countermeasures. Trump speaks at 4 p.m. today.

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Trump announces the launch of reciprocal tariffs from the White House Rose Garden, marking April 2, 2025, as "Liberation Day" as duties on global imports take effect and a 25% auto tariff begins the following day.

President Donald Trump's reciprocal tariffs officially go into effect today, a policy shift he has branded "Liberation Day" for the United States. At 4 p.m. ET, Trump will address the nation from

the White House Rose Garden to unveil the full scope of these trade measures, which will impose duties on imports from countries worldwide. Most tariffs begin immediately upon announcement, though a notable 25% tariff on all foreign-made automobiles will start tomorrow, April 3. Here's a comprehensive breakdown of what's happening, why, and what it could mean moving forward.

Today's announcement marks the culmination of months of planning. The reciprocal tariffs are designed to match the duties that other nations impose on American exports. If a country levies a 10% tariff on U.S. agricultural goods, for instance, the U.S. will now apply a 10% tariff on that country's agricultural imports. The White House has stated that these measures will apply universally, affecting allies and adversaries alike, and will cover a broad range of goods, including steel, aluminum, semiconductors, lumber, pharmaceuticals, and potentially oil and gas.

In addition to the reciprocal framework, Trump has introduced targeted tariffs. On March 24, he posted on Truth Social: "Any Country that purchases Oil and/or Gas from Venezuela will be forced to pay a Tariff of 25% to the United States on any Trade they do with our Country. All documentation will be signed and registered, and the Tariff will take place on April 2nd, 2025, LIBERATION DAY IN AMERICA." He linked this measure to Venezuela's alleged export of "criminals" to the U.S. Separately, the 25% auto tariff, effective April 3, will apply to all foreign vehicles, building on existing duties like those on Chinese imports and metals.

White House Press Secretary Karoline Leavitt confirmed the timeline yesterday, stating, "April 2, 2025, will go down as one of the most important days in modern American history." Treasury Secretary Scott Bessent, briefing Republican lawmakers, described the tariffs as a "cap," suggesting they could decrease if trading partners adjust their own policies in America's favor.

Trump has framed these tariffs as a response to decades of imbalanced trade. He contends that foreign nations exploit the U.S. by imposing higher tariffs or using non-tariff barriers—such as value-added taxes (VATs) and digital services taxes (DSTs)—while facing minimal pushback. "Whatever countries charge the [US], we will charge them - no more, no less!" he declared in February, signing an executive order to initiate the policy. He reiterated this stance earlier this month, saying the U.S. has been "ripped off by every country in the world, friend and foe."

U.S. Trade Representative Jamieson Greer elaborated: "No American President in modern history has recognized the wide-ranging and harmful foreign trade barriers American exporters face more than President Trump. Under his leadership, this administration is working diligently to address these unfair and non-reciprocal practices, helping restore fairness and put hardworking American businesses and workers first in the global market." Trump has also suggested flexibility, telling Newsmax on March 25, "I'll probably be more lenient than reciprocal, because if I was reciprocal, that would be very tough for people," and noting "some exceptions" may apply.

The policy's roots trace back to February, when Trump delayed an initial April 1 start date to allow studies by the Commerce and Treasury departments. Since then, he's kept details vague, alternating between tough rhetoric and hints of moderation. On March 23, he told reporters that tariffs on autos, semiconductors, and lumber might be deferred "down the road." Yet on Monday, he claimed India and other allies would "drop its tariffs substantially," though no official confirmation has emerged from those nations.

Reports have varied on the scope. The Washington Post cited a draft plan for 20% reciprocal tariffs on most imports, while the Wall Street Journal suggested Trump might delay action on sectors like chips and autos. Leavitt said Trump met with his trade team Tuesday to finalize a "perfect deal," indicating possible last-minute adjustments.

The reciprocal tariffs will affect all U.S. trading partners—China, Canada, Mexico, the European Union, Australia, South Korea, and beyond. A report from the Office of the U.S. Trade Representative, released yesterday, detailed global tariff rates and non-tariff barriers, providing a basis for the U.S. to calibrate its response. Canada and Mexico, under the USMCA, had temporary exemptions on some goods, but those lapse today unless extended. The 25% auto tariff, starting tomorrow, applies universally unless vehicles are manufactured domestically.

Australia anticipates immediate impacts on its exports, though the White House has hinted at potential relief through negotiations. India faces scrutiny for its high tariffs, with Trump arguing they justify U.S. retaliation. The Times of India estimated these tariffs could generate \$600 billion annually for the U.S., though exact figures await today's announcement.

Economists caution that these tariffs could raise costs for American consumers and businesses, affecting prices for vehicles, building materials, and pharmaceuticals. The Yale Budget Lab forecasts a 0.9% to 1% reduction in GDP growth for 2025, while Goldman Sachs predicts a rise in inflation by year-end. Financial markets have shown unease, with stock volatility reported by Al Jazeera and the New York Times noting “uneasiness” among investors.

Retaliation looms large. Canadian Prime Minister Mark Carney stated, “We will not disadvantage Canadian producers and Canadian workers relative to American workers,” and has coordinated with Mexico's President Claudia Sheinbaum on a response. The EU plans countermeasures for mid-April, and China has already imposed duties on U.S. exports. Businesses, from South Korean automakers to U.S. lumber firms, face higher import costs, which could ripple through supply chains.

Responses vary widely. Some Republican lawmakers hail the tariffs as a boon for U.S. jobs, while The Guardian reports concerns from others about a “chain reaction and global trade war.” Canada is advancing legislation to shield its exports, and Australia's government remains uncertain about specifics. The Financial Times speculated that Trump's shifting statements might reflect efforts to ensure legal defensibility.

Critics, including economists cited by CBS News, warn that reciprocal tariffs are complex to implement and could disrupt global trade. Supporters, like Leavitt, counter that past trade imbalances have “put a lot of Americans out of business and out of work over the past several decades. It's time for reciprocity.” Trump dismissed market fears in a USA Today interview, saying he's unconcerned about a selloff.

At 4 p.m. today, Trump will clarify the policy's full extent—whether it aligns with the 20% figure, spares certain nations, or escalates further. The auto tariff begins tomorrow, and the Venezuela-related penalty takes effect today. The Financial Times suggests a phased approach, meaning today could be an initial step. For now, exporters, importers, and consumers await the fallout from a policy that's poised to reshape trade dynamics.