

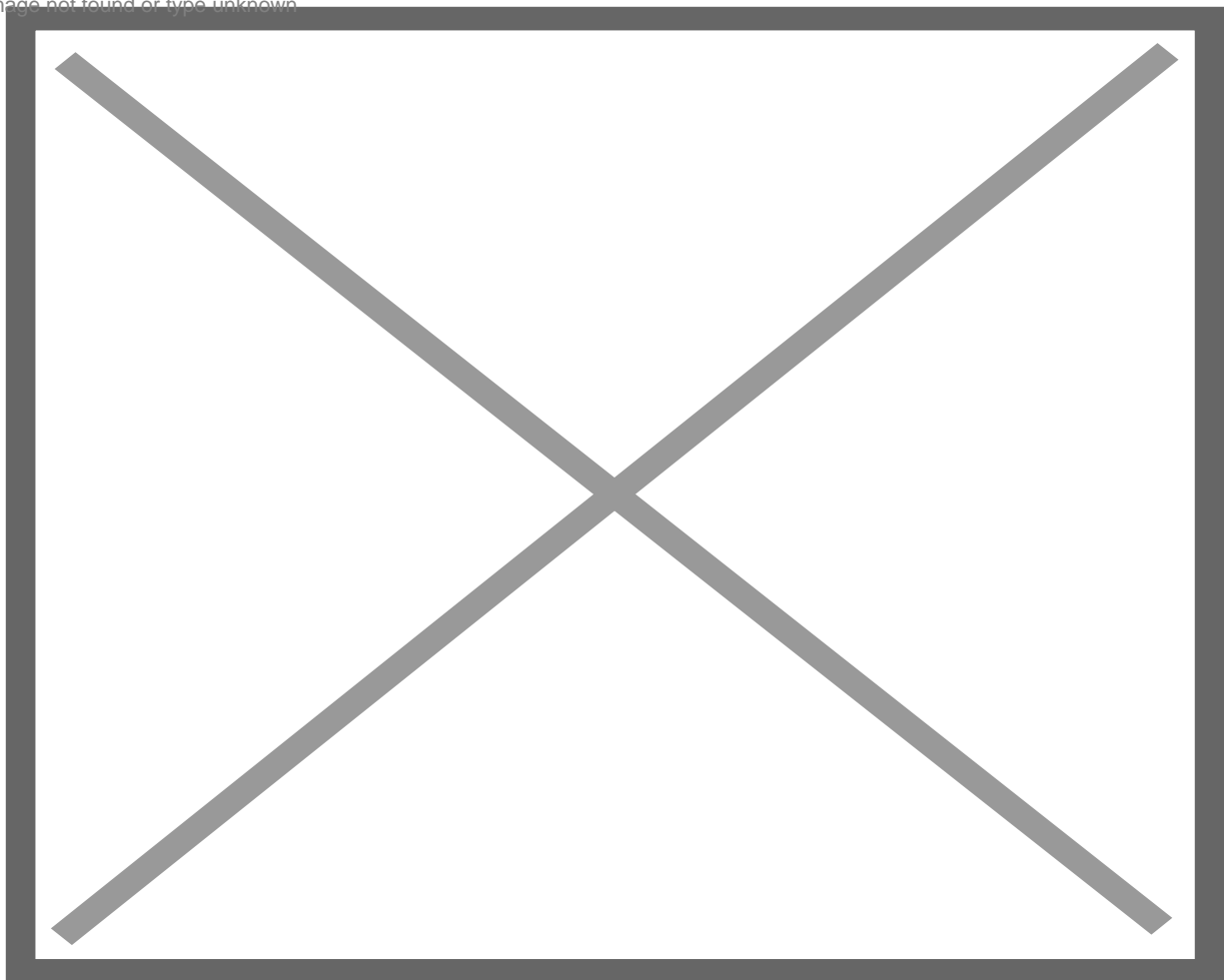
Trump's Tariff Order Sparks Global Trade Retaliation; Caribbean and Allies Respond

With 40% of CARICOM exports going to the U.S., Trump's new 10% import tariff threatens trade ties. Regional leaders call the move destabilizing as they weigh responses and assess rising import costs.

Federal / **Published On April 03, 2025 07:03 AM /**

Ernice Gilbert **April 03, 2025**

Image not found or type unknown



President Donald Trump's latest executive order, signed on April 1, is reverberating across global markets, triggering sharp economic backlash and trade tensions with key allies and rivals. The directive, which establishes a baseline 10% tariff on all U.S. imports beginning April 5, has sent shockwaves through the Caribbean Community (CARICOM), sparked retaliation from China and the European Union, and set the stage for a significant realignment in global trade.

Dubbed "Liberation Day" by the president, the sweeping trade policy adds heightened tariffs on countries that Trump says maintain "non-reciprocal" trade relationships with the United States.

The order invokes the International Emergency Economic Powers Act (IEEPA) and frames trade deficits as a national security threat, thereby justifying the imposition of higher tariffs—some exceeding 50%—on nations with substantial surpluses in U.S. trade.

CARICOM's 15 member states were among the first to feel the impact. Countries like Jamaica, Trinidad and Tobago, and Barbados rely heavily on the U.S. as an export destination, sending petroleum, agricultural goods, and manufactured items across U.S. borders. With roughly 40% of CARICOM's exports destined for the U.S., the newly announced 10% universal tariff leaves regional economies reeling.

Barbados Prime Minister Mia Mottley called the move “a blindsiding blow to our economic stability.” Trinidad's critical liquefied natural gas sector quickly moved to assess the implications for competitiveness in the U.S. market. Meanwhile, Caribbean households may soon face rising prices on imported U.S. goods, from vehicles to basic food supplies, exacerbating inflationary pressures across the region.

CARICOM nations do impose tariffs on U.S. goods, primarily through the Common External Tariff, which ranges from 0–20% on industrial items and up to 40% on agricultural products. While these rates vary by country and product, they reflect a structured trade policy not dictated by the U.S.-Caribbean Basin Initiative. As of April 3, 2025, no bloc-wide tariff changes have been announced in response to President Trump's new 10% import tariff, but his action may prompt CARICOM to reassess its trade stance to either take retaliatory action, remove tariffs against U.S.-made products.

While the Caribbean grapples with the baseline rate, larger economies were hit harder. China now faces a 54% total tariff on its exports to the U.S.—a combination of an existing 20% duty and an additional 34% announced under the executive order. Citing China's own 67% average tariff on American goods, Trump said, “They do it to us and we do it to them,” during an April 2 Rose Garden address.

Beijing responded swiftly, slapping new tariffs on American exports including wheat, soybeans, and pork, and targeting U.S. firms with regulatory measures. Economists now warn of a deepening trade war, with American consumers expected to see higher prices on electronics, apparel, and more.

India was hit with a 26% tariff, adding to the 10% base rate. The country exported \$83 billion in goods to the U.S. last year, with a significant share coming from its tech and pharmaceutical sectors. In response, New Delhi is reportedly weighing countermeasures against American agricultural exports. India imposes an average applied tariff of around 12% on U.S. goods, but specific items are taxed at much higher rates—almonds, for instance, face duties of 35%, while fully built automobiles can face tariffs of up to 100%.

The European Union now faces a 30% tariff—10% baseline and 20% in reciprocal duties. This significantly affects exports like cars, machinery, and pharmaceuticals. German auto manufacturers, already burdened by a separate 25% U.S. auto tariff, described the situation as a “perfect storm.” EU Trade Commissioner Valdis Dombrovskis warned the move could “upend decades of trade cooperation.”

The European Union's average tariff on U.S. imports is approximately 2.7%, but higher rates apply to certain products: automobiles face a 10% tariff, and processed agricultural goods like sweet corn or peanuts may be subject to duties of up to 25%. While none of these regions have formally altered their trade policies in response to President Trump's newly imposed 10%

universal import tariff, effective April 5, 2025, the move has increased tensions and may prompt these partners to reassess their current frameworks or consider retaliatory actions.

Brussels has already announced retaliatory tariffs on American exports such as bourbon and Harley-Davidson motorcycles. European stock markets dipped and gold prices surged in response to escalating uncertainty.

The executive order hits a broad spectrum of countries with tariffs scaled to their trade surplus with the U.S. Taiwan, South Korea, Japan, and Vietnam now face U.S. levies ranging from 24% to 46%, while Cambodia received the highest rate at 49%. These measures were imposed in response to what the administration considers non-reciprocal trade practices. According to World Trade Organization data, these nations maintain tariffs on U.S. goods as well: Vietnam's average applied tariff is approximately 10.4%, with higher duties on U.S. agricultural products; Japan's average is around 4.3%, though some sensitive imports like rice are heavily protected; South Korea averages 13.6% on agricultural imports, and Taiwan imposes roughly 6.6% across the board. Cambodia, while benefiting from certain U.S. trade preferences, still applies tariffs averaging 11.1%, including higher rates on textiles and food products.

Venezuela, under existing sanctions, now faces a 25% tariff on oil exports to the U.S., which could extend to third-party buyers of its crude. Trump has framed these moves as part of a broader effort to weaken geopolitical foes and bolster national security.

Additionally, Trump's order also revokes the de minimis exemption for packages under \$800 from China and Hong Kong, effective May 2. This change is aimed at curbing fentanyl trafficking and increasing customs revenue. However, it is expected to upend e-commerce logistics, especially for companies like Shein, which heavily rely on duty-free shipments.

Democratic leaders condemned the policy. Senate Majority Leader Chuck Schumer called it a "crazy, chaotic trade war," while economists from think tanks like the Tax Foundation and Foreign Affairs warned it could backfire. Business groups like the Business Roundtable urged exemptions for key sectors.

The policy has defenders. Trade adviser Peter Navarro projected \$6 trillion in tariff revenue over a decade. The United Auto Workers praised the move, citing hopes for renewed investment in U.S. manufacturing.