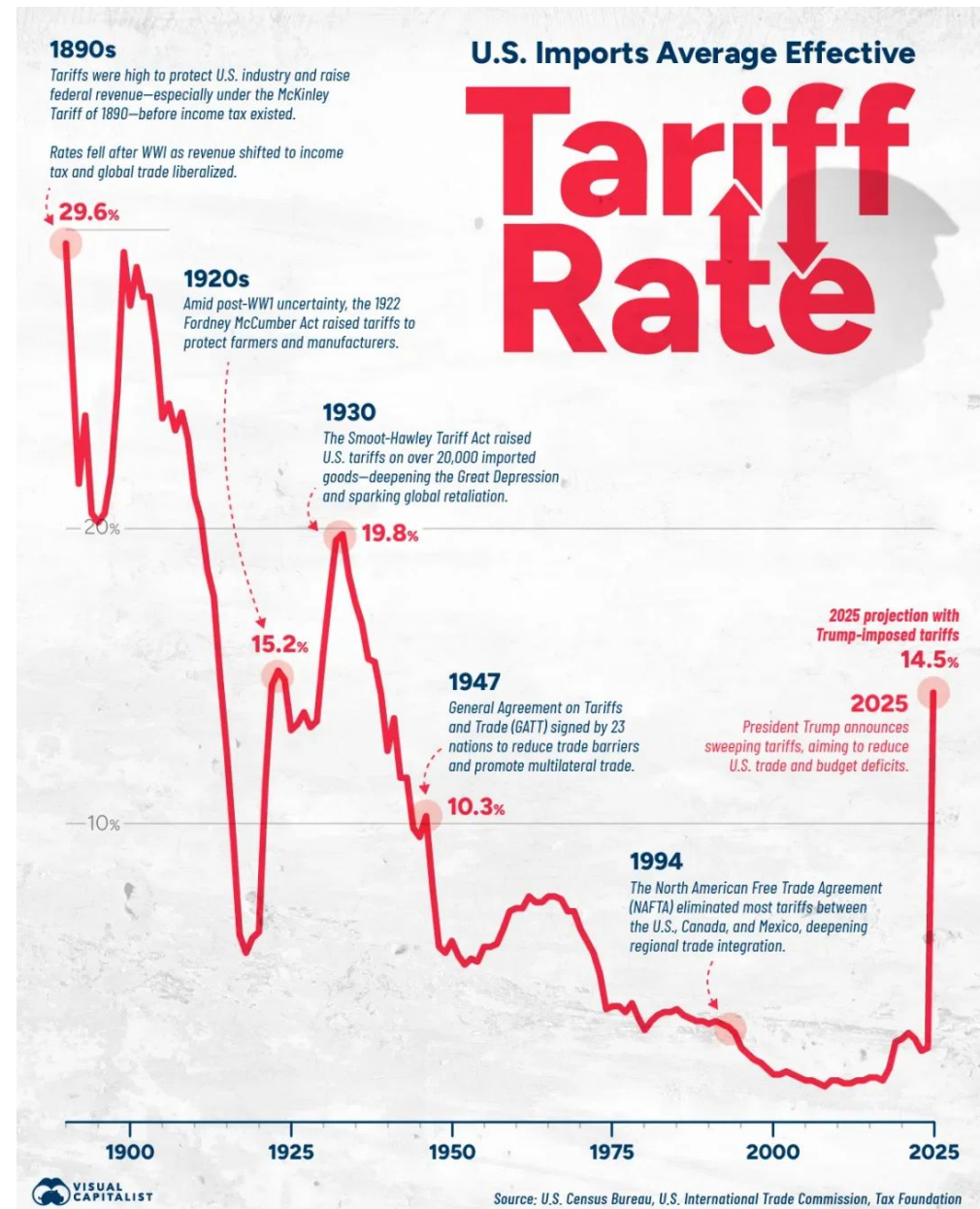


US Tariff Policy under President Trump

Tomas J. Philipson

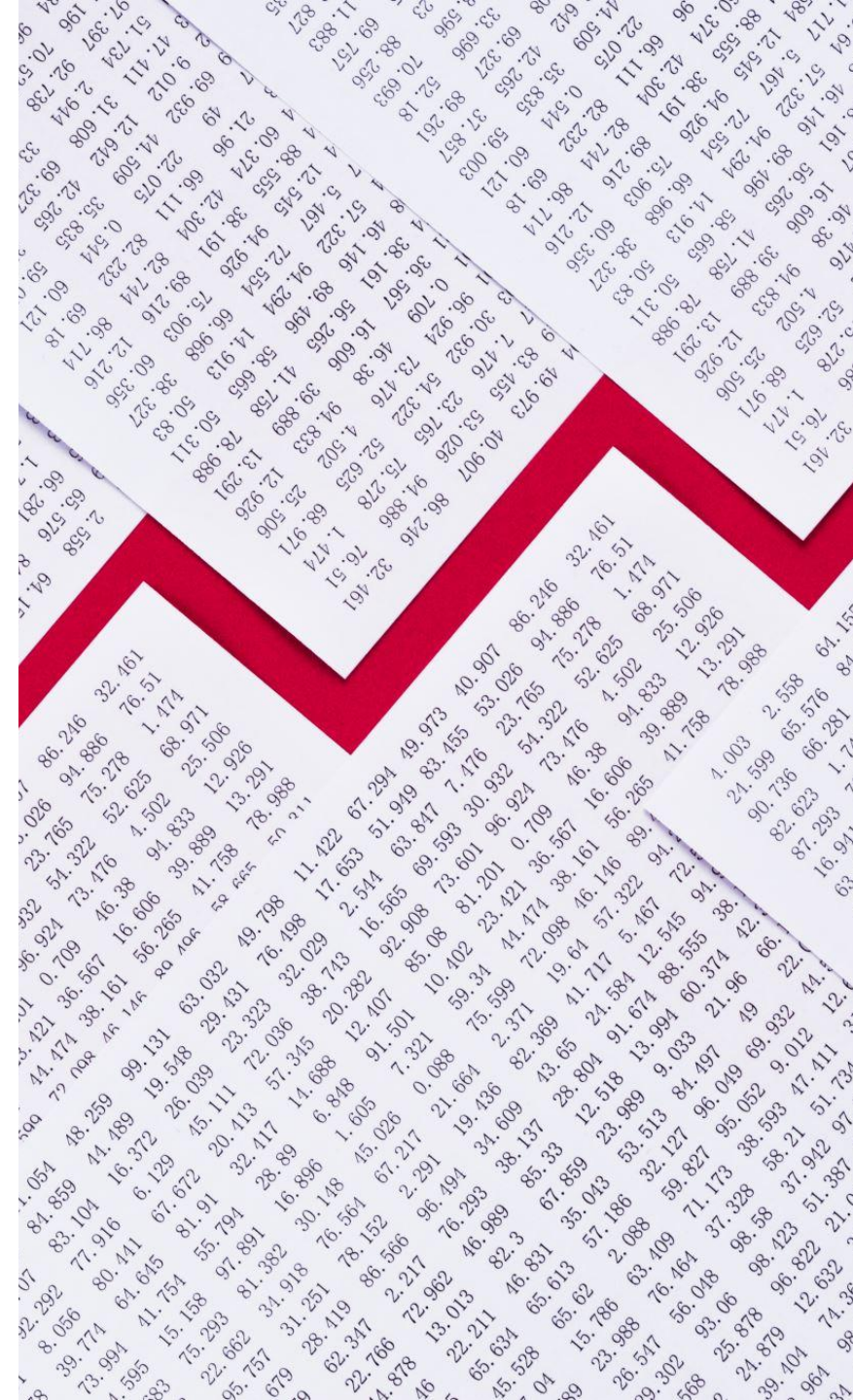
Fundación CSAV, October 15, 2025

Trump Tariff Policy



Tariffs and Inflation

- Tariffs Effects
 - Relative prices vs Inflation
 - 2025: Rising Tariffs & Falling Inflation
- Tariff Revenue to date : \$200B
 - Passed on to consumers ? Import prices falling
- Consumer Price Index (CPI) covers US consumption
 - 2/3 of \$30T US GDP: \$20T
- Tariffs 1% of consumption
- Democrats on tax-incidence
 - Corporate taxes on US companies vs foreign



Tariffs as Leverage

≡ NATIONAL REVIEW

Oct. 11, 2025

NR PLUS WORLD

Peace Through Strength in Trade Wars

By TOMAS J. PHILIPSON

January 30, 2025 6:30 AM



Goals of Tariffs

Government Distorted Trade Flows

- Non-reciprocity

Trade Flows to Increase National Security

- Section 232 of Trade Act 1962
- China

On-shoring Production

ERS replacing IRS Revenue Collection

Initial April 2 Tariff Hikes

Purpose:
Generating
Temporary
Leverage
to
Negotiate

- Temporary size less relevant

Evidence
suggests
successful

- USTR saw 130+ Countries

Non-Tariff Barriers (NTB)

- NTB often equivalent to prohibitive Tariffs
 - No entry
- Pharmaceuticals
 - EU Price Controls are NTB
 - US create most drugs but has large drug trade deficit
- Example of governments distorting trade flows



Trading off Tariffs for NTB

Tariffs are Lowered in response to Non-Tariff Gains

- FDI increased by trillions
 - Relative to \$300B/yr average
- Product specifications NTB:
 - Agriculture in EU
- Trade tariff relief even for domestic companies: Pfizer

The “TACO” labeling misleading

Chile & US Tariff Policy

- Free Trade Agreement 2004-15
- US has small trade surplus \$5B with Chile
 - \$21B Imports/\$26B Exports
- Initial focus on top 4
 - Mexico & Canada (USMCA 90%), EU, China
 - 80% of Overall Trade : \$4.1T Imports/\$3.2T Exports
- Avenues for Chile in lowering new tariffs
 - Trade war seems not advisable
 - Tariff and NTB that can be reduced
 - Outside FTA : Luxury goods, Alcohol
 - Production feasible to move to US



Thank You

