



Trump's reciprocal tariffs leave virtually no retail sector untouched

Article

The insight: President [Donald Trump's reciprocal tariffs](#) will have a wide-ranging impact on nearly every industry. While companies have worked to diversify their supply chains away from China, those efforts are now for naught.

Emerging manufacturing hubs like Vietnam and India face tariffs of 46% and 27%, respectively, while nearshoring destinations like Mexico are also caught in the crosshairs.

The auto industry is in trouble: Auto companies, both foreign and domestic, will be hit hard by Trump's trade wars. Already, tariffs are having significant repercussions for companies, workers, and consumers.

- **Stellantis** paused production at two plants in Canada and Mexico, resulting in the temporary layoffs of 900 employees at supporting plants, and an additional 4,500 hourly workers in Canada.
- **Mercedes** could stop selling its cheapest models in the US due to tariffs—a move which will likely be replicated by other manufacturers, putting car ownership out of reach for more consumers.
- US consumers could be forced to absorb over \$30 billion in tariff costs for the first full year the policy is in place, per Anderson Economic Group, as manufacturers pass along at least part of the costs.

Tariffs bite the apparel, furniture, and toy industries: These sectors are among the many reliant on imports from Asia, which faces some of the highest reciprocal rates.

- **The new tariffs “seem purpose-built to hobble the apparel industry,”** William Blair analyst **Dylan Carden** told Reuters, given that 98% of the clothing sold in the US is imported, as are 99% of shoes. The increased costs will add to the headaches facing **Nike, H&M**, and other struggling brands and weigh on the performance of successful companies like **Abercrombie & Fitch** and **Inditex**.
- **Tariffs add to the pressures facing the sluggish housing market and related industries.** Duties on imported materials will make housing construction and remodeling more expensive. At the same time, many furniture retailers—including **Wayfair** and **RH**—are reliant on Vietnam and China for sourcing, leaving them (and their customers) vulnerable to tariffs.
- **The toy industry is also vulnerable.** Asia is a popular manufacturing destination for **Crayola, Hasbro, Mattel**, and **Funko**. While those companies are exerting pressure on manufacturers to lower prices, the rate of the new tariffs make it highly likely that at least some of the cost will be passed on to the end consumer, which will hurt sales in an industry already grappling with soft discretionary demand.

Our take: Despite Trump's claims to the contrary, tariffs will result in higher prices for the consumer. That's true for both everyday necessities like groceries as well as discretionary categories like apparel and toys.

Trump's Tariff Plans Will Likely Drive Consumer Costs Up and Decrease Spending Power

% change in US consumer prices and billions in lost consumer spending power, by category and scenario, Nov 2024

	Scenario A (10% tariff on all imports, additional 60% tariff on imports from China)		Scenario B (20% tariff on all imports, additional 100% tariff on imports from China)	
	% change in consumer price	Lost consumer spending power	% change in consumer price	Lost consumer spending power
Toys	36.3%	\$8.8	55.8%	\$14.2
Household appliances	19.4%	\$6.4	31.0%	\$10.8
Footwear	18.1%	\$6.4	28.8%	\$10.7
Travel goods	13.0%	\$2.2	21.5%	\$3.9
Apparel	12.5%	\$13.9	20.6%	\$24.0
Furniture	6.4%	\$8.5	9.5%	\$13.1

Source: National Retail Federation (NRF), "Estimated Impacts of Proposed Tariffs on Imports: Apparel, Toys, Furniture, Household Appliances, Footwear, and Travel Goods" prepared by Trade Partnership Worldwide, LLC, Nov 4, 2024