JAN 22
Rachel Wolff

# Trump's mixed messages on tariffs fuel uncertainty for retailers

Article

**The news:** A 25% tariff on Mexican and Canadian imports could be imposed as soon as February 1, President **Donald Trump** said, although—as with his other tariff plans—the details were left vague.

Additional tariffs on China imports—along with goods from the remaining BRICS nations and the European Union—are also still on the table. Trump told reporters late on Tuesday that he is considering a 10% tariff on Chinese goods.

**The big picture:** The delay in rolling out a comprehensive tariff policy is creating massive headaches for retailers, setting the stage for a tumultuous period. Contradictory reports and disagreements within the administration about the shape that policy will take are making it particularly difficult for retailers to plan ahead, minimizing their ability to take evasive action and increasing the possibility of significant price hikes for the end consumer.

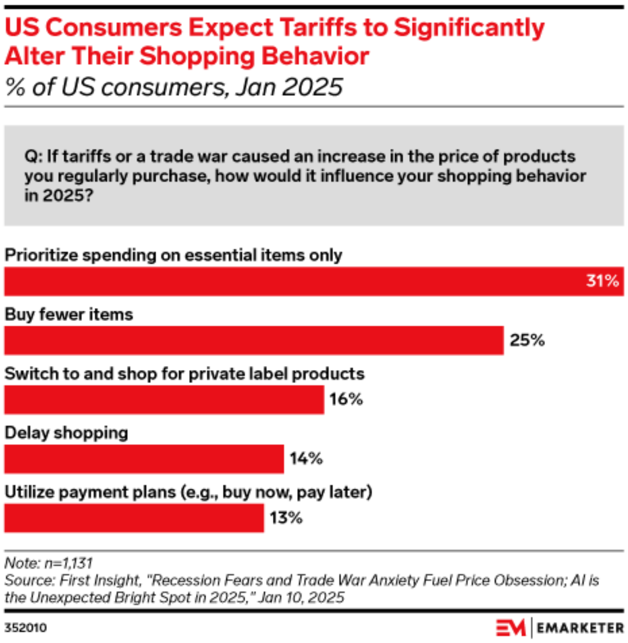
- While some advisors—like Treasury Secretary nominee **Scott Bessent**—favor a more targeted approach, others in the administration are pushing for universal tariffs, seeing them as both an opportunity to boost US manufacturing and a way to wring concessions from trading partners.
- The latter certainly seems to be the aim of the pending Mexico and Canada tariffs, which Trump is using to pressure the two countries to move up negotiations for the US-Mexico-Canada trade agreement, per The Wall Street Journal.
- Trump's decision to avoid implementing new tariffs on his first day back in office could signal that they're "a lower priority" than expected, according to Goldman Sachs' chief US political economist, **Alec Phillips**. While that's unlikely given his campaign rhetoric, it underscores the unpredictability of the new administration—and the need for retailers to have multiple contingency plans in order to navigate the uncertainty as best they can.

**Zoom in:** The decision to make Mexico and Canada the first targets of tariffs will have serious consequences. Not only will it trigger a trade war between the US and two of its closest partners, it will also drive prices up for consumers and upend the auto industry, among others.

- Tariffs on Canadian petroleum imports would "unequivocally" cause "everything in the United States [to] become substantially more expensive," Columbia Business School economist **Brett House** told CNBC. **Gas prices could also rise between 25 cents and 75 cents per gallon**, according to GasBuddy's **Patrick De Haan**.
- The US auto industry is so deeply integrated into Canada and Mexico that tariffs would be crippling, effectively resulting in the US taxing itself. **A 25% tariff would wipe out most of the adjusted earnings for General Motors, Ford, and Stellantis**, according to a Wells Fargo analysis. At the same time, new car prices would rise by an estimated $3,000, per Wolfe Research, adding to the industry's affordability challenges.

- Grocery prices are also set to spike. The US is heavily reliant on Mexico for fresh fruit and vegetables, which accounted for $17.3 billion of imports in 2024, per the US Department of Agriculture.

**The big takeaway:** Trump's tariffs—whatever shape they take—will drive up retailers' costs and upend consumer spending patterns.




*This article is part of EMARKETER's client-only subscription Briefings—daily newsletters authored by industry analysts who are experts in marketing, advertising, media, and tech trends. To help you start 2025 off on the right foot, articles like this one—delivering the latest news and insights—are completely free through January 31, 2025. If you want to learn how to get insights like these delivered to your inbox every day, and get access to our data-driven forecasts, reports, and industry benchmarks, schedule a demo with our sales team.*