



*Civics is all around us. There is a lot to know about the government and how “We the People” interact with the government and each other. Let’s help each other expand our civic literacy.*

On February 1, 2025, President Trump declared a national emergency under the International Emergency Economic Powers Act (IEEPA) in order to put a stop to the rise of undocumented migrants and drug trade. President Trump seeks to alleviate the crisis by implementing tariffs on Canada, Mexico, and China. So, what is a tariff? And what does this mean for the average American?

According to the [Congressional Research Service](#), tariffs are duties (taxes), that are paid on imports. Imports are goods that are brought into the United States to be sold. Tariffs are paid by the company or person bringing the goods into the country, not the country from which the product originates. That tax cost is often built into the sale price of the good when it is sold to the American consumer, which raises the price. Tariffs are typically used to protect domestic industries or as leverage in trade negotiations and disputes.



Typically, Congress and the president create U.S. tariff

policy within the context of a rules-based global trading system. The United States government [imposes tariffs](#) to ensure that manufacturers based in the United States can compete financially against companies from other countries. For example, cars manufactured and sold in the United States will cost less than similar cars manufactured in South Korea and imported to the United States to be sold. Tariffs protect American jobs and companies. Sometimes, though, during times of crisis, tariffs can be an obstacle to getting needed supplies into the country because of the increased cost of foreign goods.

However, Congress has [delegated broad authority](#) to the president to adjust tariff rates when foreign policy or national security is involved. Since President Trump declared a national emergency, he has delegated power to act unilaterally in imposing a 25% tariff on imports from Canada and Mexico and a 10% additional tariff on Chinese imports. Energy resources (oil) from Canada will have a lower 10% tariff. Despite most goods moving between the United States, Canada, and Mexico tariff-free because of the [U.S.-Mexico-Canada trade agreement](#), both Canada and Mexico have stated they are going to be implementing [retaliatory tariffs](#) on U.S. imports. China has already done so.

In 2024, these three countries were the largest trade partners with the United States. So, what do these tariffs mean for American consumers? Normally, an increase in tariffs means an increase in the price of imports. The primary industries that will see the impacts will be automotive, energy, agriculture, electronics, and logistics (transportation modes). This could mean an increase in groceries, gas, and electronics for average Americans. The president spoke out about the possible inflation, though, stating: [“We may have, in the short term, a little pain, and people understand that.”](#)

**To Think and To Do:** Sometimes, countries that impose tariffs are looking for opportunities to negotiate something they want from a trading partner. Research the responses the Chinese, Canadian, and Mexican governments have made to the U.S. tariffs. Did these countries make concessions? Did the United States? Do you think the use of tariffs is an effective negotiating tool knowing the price of affected goods will increase in price? Explain your position.



- [Tariffs on Canada & Mexico](#), from Forbes
- [Tariffs on Chinese Goods](#), from Reuters
- [US Tariff Policy](#), from The Congressional Research Service

