



Potential Trade and Tariff Outcomes in 2025

November 19, 2024

Possible Trump Tariff Proposals in 2025

Additional China Tariffs: Trump has said in interviews he would hit Chinese goods with tariffs of 60 percent or higher.

- **Probability:** **Almost certain, although the added tariff rate could be less than 60%** – President Trump already has existing trade tools to raise tariffs on Chinese-made goods. These powers have been delegated to all Presidents by past Congresses. Trump previously used the Section 301 trade tool to impose added tariffs on Chinese goods and the Section 232 trade tool to add steel and aluminum tariffs.
- **One more thing:** Chinese behavior has not changed since Trump imposed the original 301 tariffs on \$300 billion worth of trade from China. Trump believes he needs to go much higher on tariffs than he did during his last administration.

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Across-the-board 10 or 20 percent tariffs: Trump has put forward the idea of an across-the-board 10 or 20 percent tariff on all imports.

- **Probability: High.** President Trump has multiple tools available here. There is also precedent. Nixon imposed 10% across-the-board import taxes for four months in 1971. President Trump can:
 - Use the **International Emergency Economic Powers Act (IEEPA)** to declare a state of emergency and impose across-the-board tariffs. Trump invoked IEEPA in 2019 to hit Mexico with tariffs starting at 5% and increasing every month ... but worked out a deal with Mexico before following through. [Read more.](#)
 - Target *specific countries* with **Section 301 tariffs** (unfair trade practices) or *specific products* with **Section 232 tariffs** (national security), although both require investigations that would take months.
 - Use **Section 122 of the Trade Act of 1974** to put in place tariffs for 150 days on countries with which the U.S. has a trade deficit. Congress could extend the tariffs after 150 days.
 - Use **Section 338 of the Trade Act of 1930** to impose tariffs of up to 50 percent on countries that discriminate against the U.S. If the country continues to discriminate, the President could block imports from that country. This tool has not been used in 70 years.
- **One more thing:** The 2024 Republican Party Platform states, “Republicans will support baseline Tariffs on Foreign-made goods ... As Tariffs on Foreign Producers go up, Taxes on American Workers, Families, and Businesses can come down.”

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Revoking China's trade status: Revoking China's Most Favored Nation (MFN) status has become a top talking point among Republicans. This is also known as ending China's permanent normal trade relations (PNTR) with the U.S.

- **Probability: Medium** – this proposal has more support than ever on Capitol Hill. The 2024 Republican Party Platform states, “Republicans will revoke China's Most Favored Nation status.” Vice Presidential candidate J.D. Vance is an original cosponsor of a bill to revoke China's MNF status, the [China Trade Relations Act](#). The bill would require annual presidential approval for China to receive MFN treatment.
- During a May 17, 2023 hearing before the China Select Committee, Former Trump Trade Representative Robert Lighthizer said he would support taking away China's MFN Status, stating, “Should we take back permanent normal trade relations? Absolutely. It was a mistake. Of course, we should take it back.” Others have pushed back strongly on the idea, including former Trump White House trade official Clete Williams, who said taking away MFN would be “catastrophic” and a “a kill shot” to the U.S.-China relationship.
- **One more thing:** Taking away MFN for China would mean all goods from China are hit with the higher Column 2 tariff rates in the U.S. Harmonized Tariff Schedule (HTSUS). The only countries that currently have Column 2 rates are Cuba, North Korea, Russia, and Belarus.

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All Tariff Policy: On June 13, 2024, in a private meeting with Republicans on Capitol Hill, Trump first put forward the idea for an “all tariff policy” that would eliminate the federal income tax and offset the cost with new tariffs.

- **Probability: Low** – this policy would require an Act of Congress. Whichever party takes control of the House and Senate will likely have tight margins to pass legislation.
- **One more thing:** Economists at the Peterson Institute highlighted it would be impossible for the U.S. government to find enough tariff revenue to completely replace the federal income tax. Read their analysis [here](#).
- **Yes, but:** House Republicans want to extend the Trump tax cuts, which are expiring in 2025 ... But they must find offsets to make up for the lost government revenue. The House Ways & Means Committee, which oversees trade and tax policy, is considering writing the existing tariffs into law (and making them permanent) to “pay for” the Trump tax cuts.