BBVA

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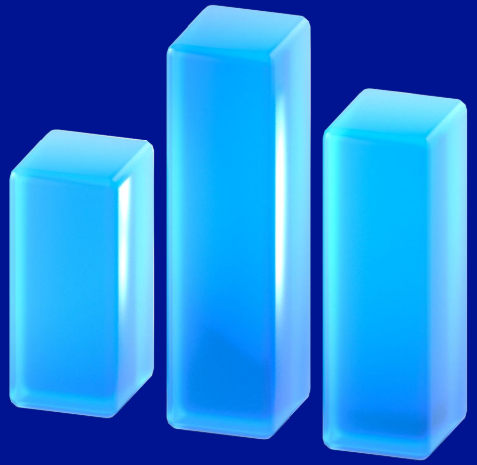
# The Impact of 2025 Trump Tariffs on US Imports



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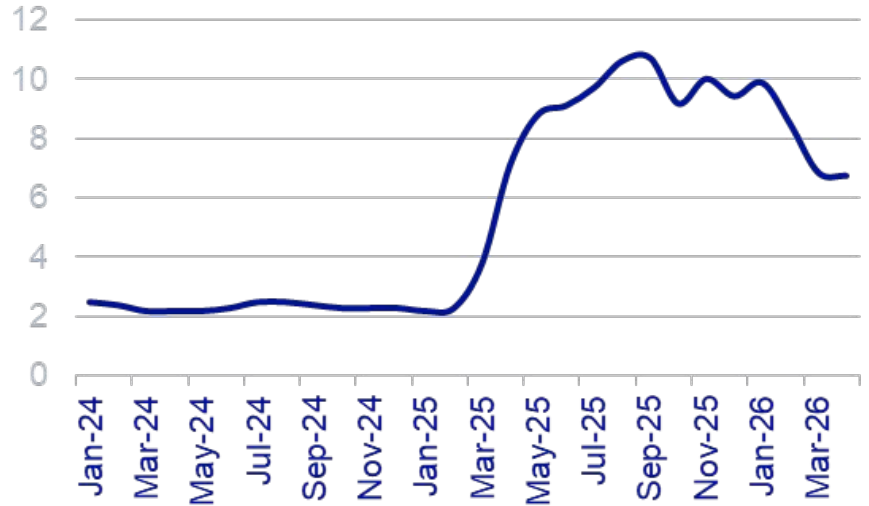
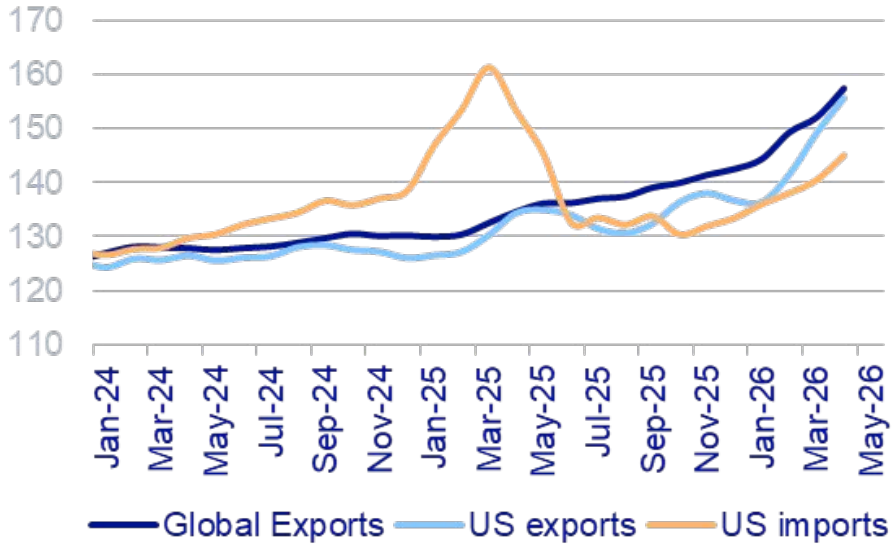
# Global growth and trade remain resilient despite US tariffs: have their effects being negligible or small?

## US effective tariffs
(pp)




Source: BBVA Research based on data from the USITC

## Global exports, US exports and imports
(Index: 4Q19=100; three-month moving average)



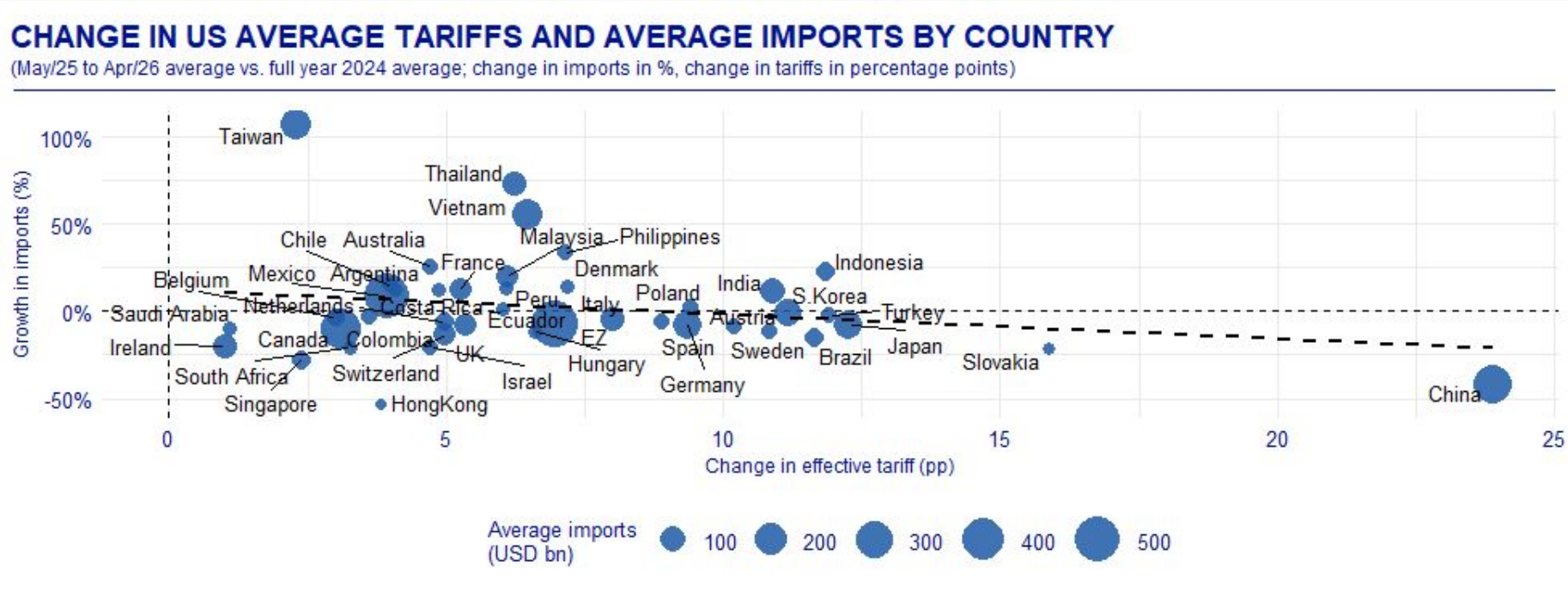

Source: BBVA Research based on data from the USITC

# More than one year after the sharp hike in US tariffs, we are in a better position to assess their impact

We analyse the impact of US tariffs on US imports by examining the variation in tariffs and imports across countries and sectors since the tariff increases introduced at the beginning of 2025:

- US tariffs data from USITC: effective tariffs based on US customs information
- US imports data from USITC: nominal imports in USD (custom values, which excludes import duties, freight charges, insurance, and other costs incurred to transport the goods to the country)
- 42 countries: most important sources of US imports together accounting for more than 94% of total US imports in 2025
- 11 sectors covering all US imports (for now; eventually to be disaggregated further): AI-related machinery and electrical equipment, rest of machinery, rest of electrical equipment, materials and semi-manufactures, transportation, chemicals, primary and food products, metal, crude oil, rest of energy and textiles and apparel
- focus on the change between the May/25 to Apr/26 average and the 2024 average
- related literature: Gopinath and Neiman (2026) and Azzimonti and Titcomb (2026), who focus on the impact of tariffs on import prices, and Alfaro and Chor (2026), who focus on 2018-19 and on Liberation Day tariffs

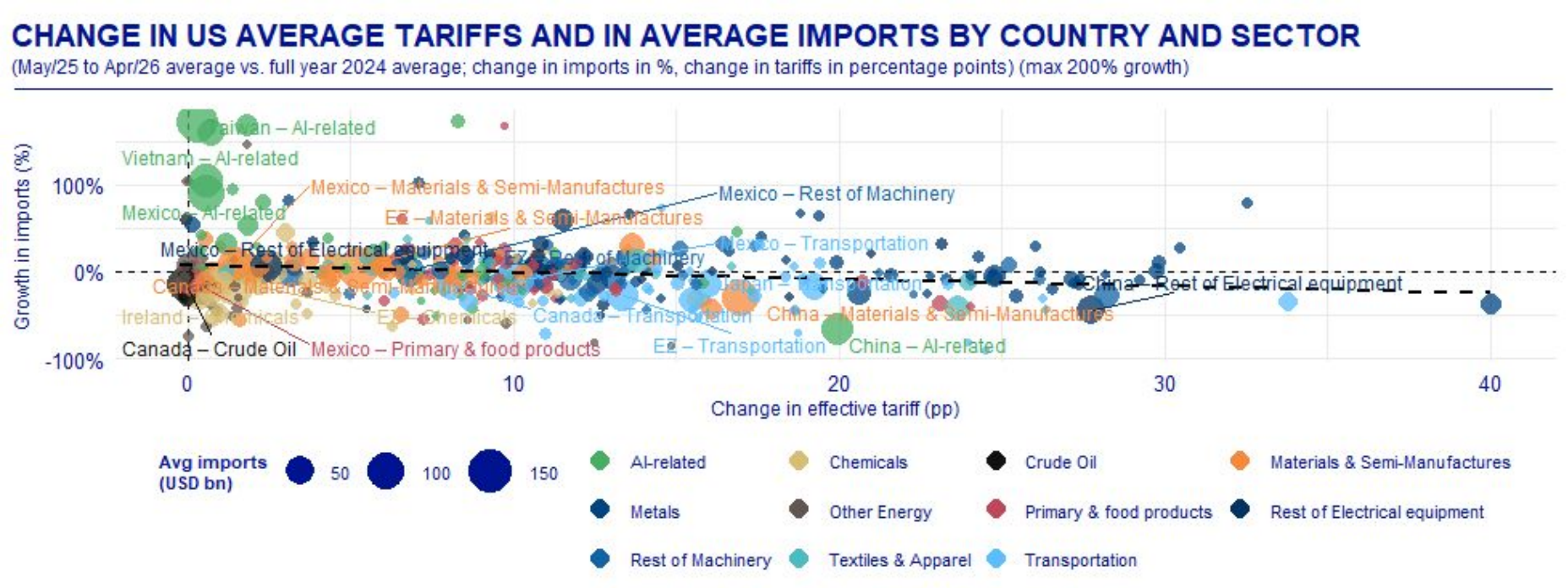
# Preliminary analysis show that higher tariffs are in general associated with lower imports at a country level




Source: BBVA Research based on data from the USITC

**Although China appears to be a key driver of the pattern, the negative relationship remains even after excluding China from the sample**

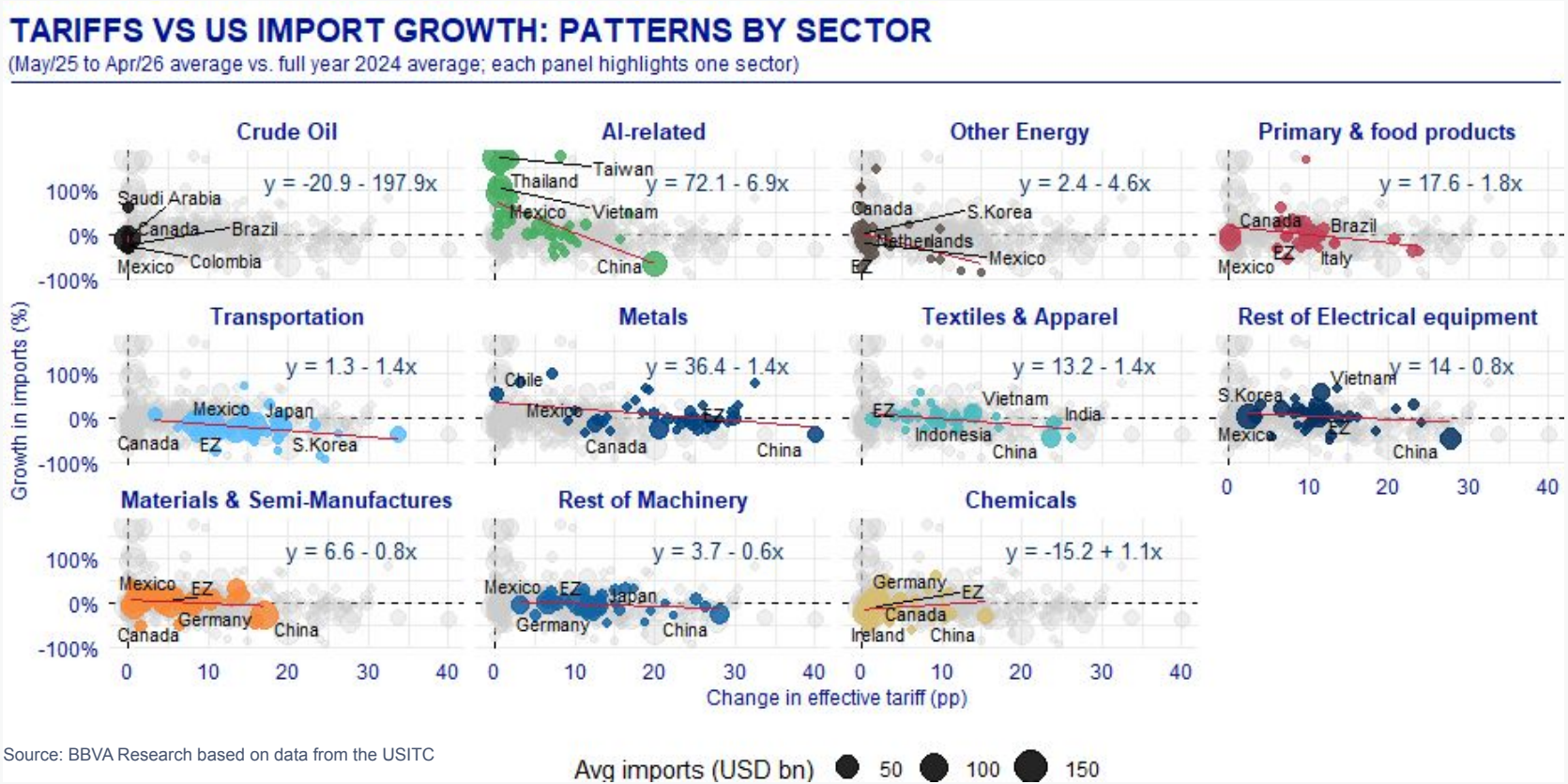
# The negative relationship between US tariffs and imports remain in place when considering sectorial differences




Source: BBVA Research based on data from the USITC

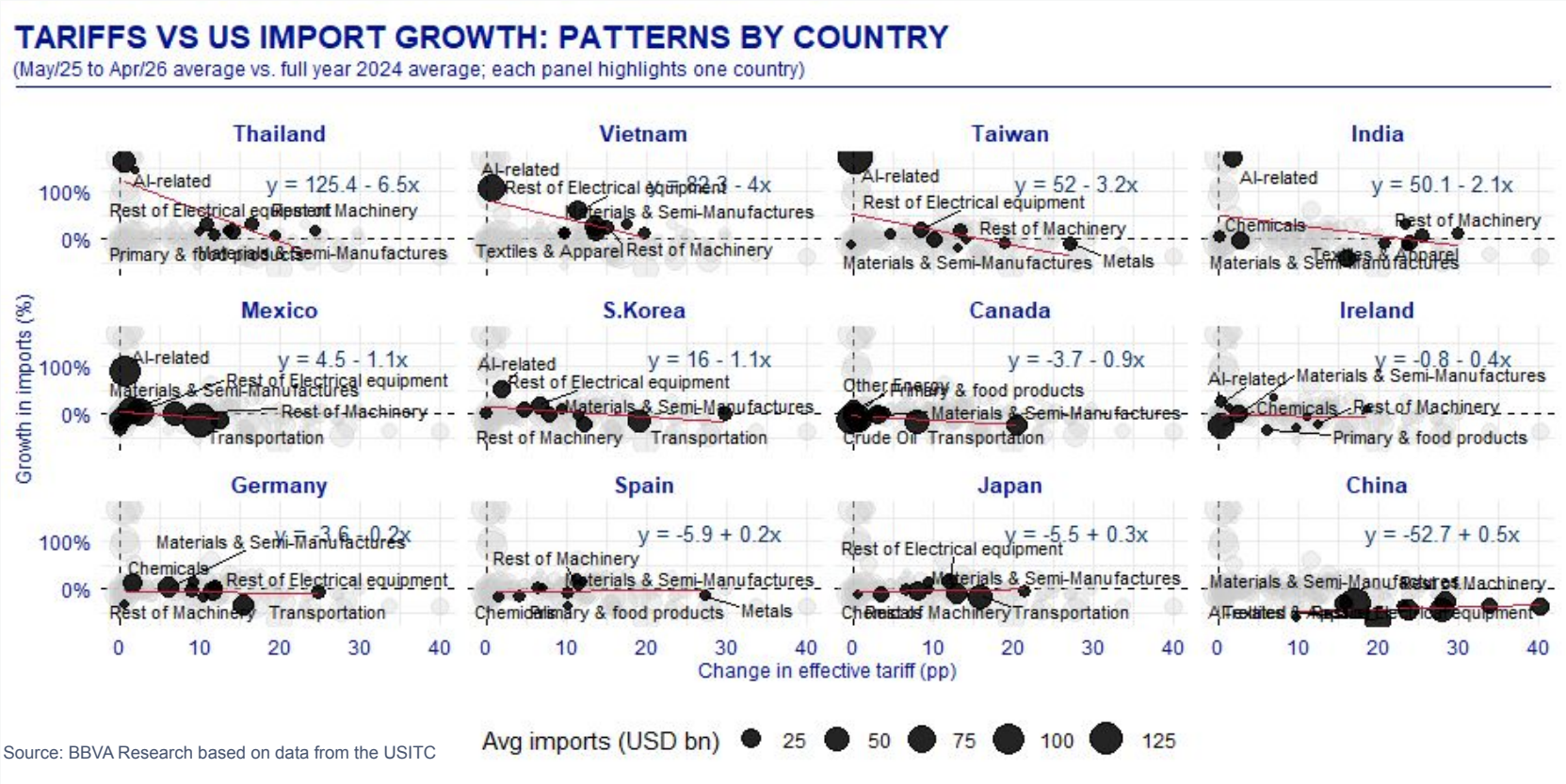
**There is clear heterogeneity across sectors, which adds to the cross-country heterogeneity**

# In most sectors, countries facing higher US tariffs tend to experience larger import declines




Source: BBVA Research based on data from the USITC

# Similarly, in most countries, sectors facing higher US tariffs are displaying a weaker evolution




Source: BBVA Research based on data from the USITC

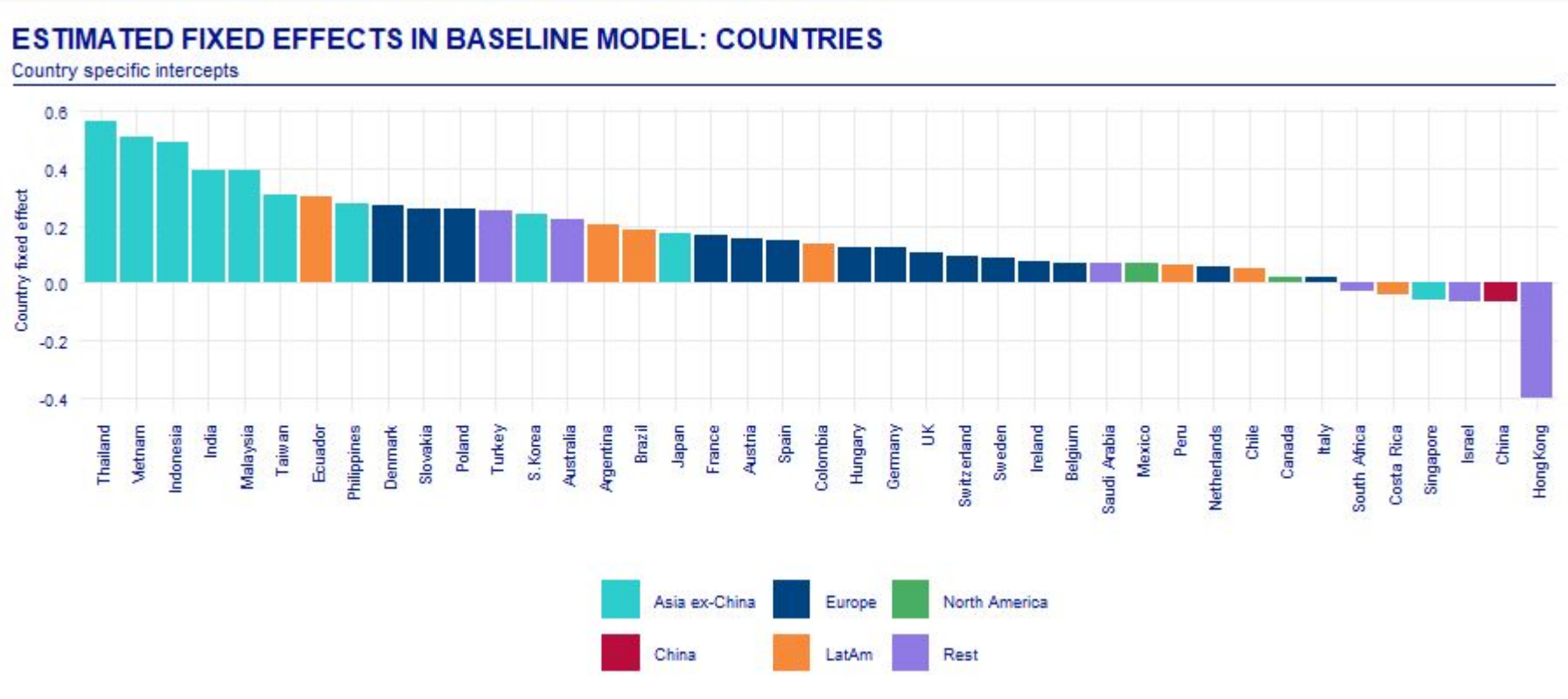
# Econometric evidence reinforces preliminary analysis: higher tariffs have a significant impact on imports

- We estimate an **econometric model, with fixed effects for country and sector**, and a sample equal to 419 observations, to assess the impact of a change in US tariffs on the growth rate of US imports, for the period considered (rolling 12 months ending in Apr/26 vs. full-year 2024 average).
- Baseline model, for US imports from each country *i* and sector *s*:

$$\Delta \log(\text{Imports}_{is}) = \beta_1 \Delta \text{Tariff}_{is} + \text{FE}_{\text{Country}} + \text{FE}_{\text{Sector}} + \varepsilon_{is}$$

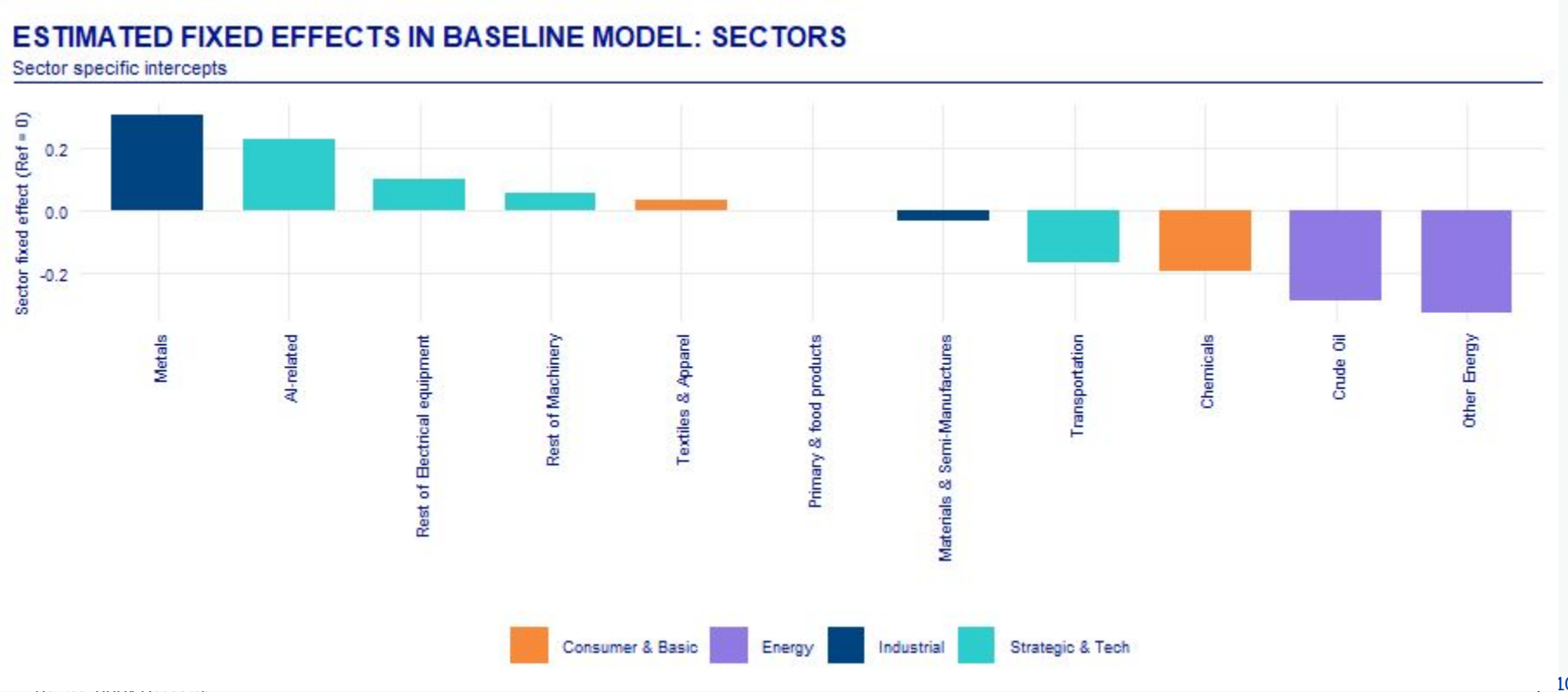
- **The coefficient of the change in tariffs is estimated at -0.0204 and significant at 1%**
- Therefore, **an increase of 1 pp in US tariffs for a given country and sector has a -2.0% impact on the exports from that country and sector to the US**, according to this model.
- Similar regressions focusing on other 12-month periods show similar results, and suggest that the impact of tariffs increase as more recent data is incorporated: with data until Dec/25 and Mar/26, the estimated elasticity equals 1.5% and 1.6%, respectively.

# Estimated fixed effects show how features specific to each country and sector shape their exports to the US




Source: BBVA Research

# Alongside several Asian countries, metals and AI-related goods are among the main outperformers




Source: BBVA Research

# Robustness exercises reinforce the evidence of impact of tariffs on US imports

| Model | Tariff change coefficient | $R^2$ | Weights | Clustered SE | Sector FE | Country FE |
|---|---|---|---|---|---|---|
| Model I: basic | -0.0204 (***) | 0.30 | No | No | Yes | Yes |
| Model II | -0.0204 (***) | 0.30 | No | Country, Sector | Yes | Yes |
| Model III | -0.0265 (***) | 0.65 | Yes | No | Yes | Yes |
| Model IV | -0.0265(*) | 0.65 | Yes | Country, Sector | Yes | Yes |

(*): significant at 10%. (**): significant at 5%, (***): significant at 1%.
Source: BBVA Research

**Models with clustered standard errors to account for potential autocorrelation within countries and sectors, and with observations weighted by import size to give greater importance to larger trade flows, also show that tariffs have a significant impact on US imports; weighted regressions show a larger effect of tariffs**

# Endogeneity is a potential problem; it could be leading to a underestimation of the tariffs impact

- As opposed to statutory tariffs, effective tariffs used in this analysis (as in Gopinath and Neiman (2026) and Azzimonti and Titcomb (2026)) better capture the tariff burden actually faced by importers. However, they introduce endogeneity concerns, as effective tariffs are calculated as the ratio of duties collected to imports and may therefore embed behavioral and policy responses.
- Although endogeneity may arise through several channels, some of the most plausible sources are likely to bias the estimated effects downward, implying an underestimation of the true impact of tariffs:
    - Policy endogeneity: if higher tariffs were disproportionately imposed on sectors or countries experiencing faster export growth to the US (and supposedly a larger threat), endogeneity could attenuate the estimated negative effect of tariffs.
    - Behavior endogeneity: import frontloading in anticipation of tariff implementation could generate a positive correlation between imports and tariff increases, again leading to an underestimation of the true tariff effect.

# An alternative specification includes lagged imports to mitigate potential endogeneity concerns

| Model | Tariff change coefficient | Lagged imports coefficient | $R^2$ | Weights | Clustered SE | Sector FE | Country FE |
|---|---|---|---|---|---|---|---|
| Model I: basic | -0.0204 (***) | - | 0.29 | No | No | Yes | Yes |
| Model II | -0.0204 (***) | - | 0.29 | No | Country, Sector | Yes | Yes |
| Model III | -0.0265 (***) | - | 0.65 | Yes | No | Yes | Yes |
| Model IV | -0.0265(*) | - | 0.65 | Yes | Country, Sector | Yes | Yes |
| Model V | -0.0233(*) | 0.6896 | 0.70 | Yes | Country, Sector | Yes | Yes |

(*): significant at 10%. (**): significant at 5%, (***): significant at 1%.
Source: BBVA Research

**In an alternative specification, the lagged growth of US imports (2024 average vs. 2023 average) is used as a control: the tariff coefficient remains broadly unchanged and significant**

# A quadratic specification, including both linear and squared tariff change terms, improves the fit of the model

| Model | Linear tariff change coefficient | Quadratic tariff change coefficient | Lagged imports coefficient | $R^2$ | Weights | Clustered SE | Sector FE | Country FE |
|---|---|---|---|---|---|---|---|---|
| Quadratic I | -0.0426 (***) | 0.0008(***) | - | 0.40 | No | No | Yes | Yes |
| Quadratic II | -0.0426 (***) | 0.0008(**) | - | 0.40 | No | Country, Sector | Yes | Yes |
| Quadratic III | -0.0536 (***) | 0.0010(***) | - | 0.73 | Yes | No | Yes | Yes |
| Quadratic IV | -0.0536 (**) | 0.0010(**) | - | 0.73 | Yes | Country, Sector | Yes | Yes |
| Quadratic V | -0.0457(***) | 0.0008(***) | 0.5840 | 0.77 | Yes | Country, Sector | Yes | Yes |

(*): significant at 10%. (**): significant at 5%, (***): significant at 1%.
Source: BBVA Research

**The marginal effect of tariffs declines with the size of the tariff increase; at the sample-average tariff increase of 10 pp, the estimated semi-elasticity is around 3%; for a 20 pp tariff increase, it falls to around 1.5%**

# Main messages and final comments

- We analyze the impact of the tariffs announced by the Trump administration since the beginning of 2025 on U.S. imports using country- and sector-level data.
- The analysis reinforces the view that **US tariffs are having a significant impact**:
    - **Tariffs are reducing US imports**, even if their effects are being offset by other factors, such as resilient US growth supported by AI adoption and fiscal stimulus.
    - **Tariffs are contributing to a reconfiguration of trade patterns**, with the United States reducing its reliance on the sectors and countries most exposed to tariff increases.
- The estimations suggest that a **1 pp point increase in US tariffs reduces imports by around 2%.**
- Moreover, evidence provided in this analysis suggest that **once tariffs have already increased substantially, further tariff increases have a progressively smaller impact on imports**
- Finally, it is important to note that the fact that tariffs drive down US imports does not imply that the US trade deficit will be reduced; although that is out of the scope of this study, previous analyses suggest that tariffs will also help to drive down US exports