

# U.S. Global Trade and Tariff Policy: Implications and Economic Impact.

April 9, 2025



## Executive Summary

The “Universal Trump Tariffs,” announced on April 2, 2025, with reciprocal tariff increases originally set to take effect on April 9, have now been temporarily paused for three months. While certain newly proposed U.S. tariffs have been temporarily paused, the tariff increases on Chinese imports are still expected to move forward. This limited delay offers only short-term relief, as uncertainty persists for global businesses navigating trade tensions, supply chains, and long-term planning.

The potential global ripple effects of these tariffs—if and when enacted—are still expected to disrupt markets, drive up import costs, and impact GDP growth.

Many foreign governments are weighing retaliation, and organizations across sectors remain on high alert. Even with the pause, economists are already adjusting their 2025 outlooks, predicting a slowed growth rate of 2%, down from 2.4% in 2024.

In this environment of watchful waiting and mounting complexity, companies aren’t standing still. Many are taking proactive steps now—revisiting sourcing strategies, financial models, and operational plans—to stay agile and mitigate risk before the policy clock starts again.

This whitepaper outlines the key considerations for businesses navigating this critical window: how to respond to uncertainty, protect margins, and build resilience across the enterprise.





## Simplifying the Complex: Tariff Key Findings

### Summary of Tariff Increases (Announced but Currently Paused as of April 2025)



Pending implementation, all imports entering the U.S. from foreign entities and geographic regions were subject to a **baseline 10% increase** in IEEPA universal tariffs.



Reciprocal tariffs were proposed to range from **29% to 54%**, depending on the country.



China, Vietnam, South Korea, Japan, and the EU were expected to be hit hardest by the increases, with China now facing a **125% tariff on imports to the U.S.**



Canada and Mexico were slated for a **baseline 25% tariff** increase over the original universal baseline.



Tariff regulations under Section 232 remain in effect and continue to apply as previously enacted.

Tariffs by Country (Announced, Not Yet Enforced) \* Based on April 2025 Trade Policy Proposal

|                | Tariffs | 2024 US Imports | Trade Deficit |
|----------------|---------|-----------------|---------------|
| European Union | 20%     | \$605.76B       | -\$235.57B    |
| Japan          | 24%     | \$148.21B       | -\$68.47B     |
| Vietnam        | 46%     | \$136.56B       | -\$123.46B    |
| South Korea    | 25%     | \$131.55B       | -\$66.01B     |
| Taiwan         | 32%     | \$116.26B       | -\$73.93B     |
| India          | 26%     | \$87.42B        | -\$45.66B     |
| Switzerland    | 31%     | \$63.43B        | -\$38.46B     |
| Thailand       | 36%     | \$63.33B        | -\$45.61B     |
| Malaysia       | 24%     | \$52.53B        | -\$24.83B     |
| Indonesia      | 32%     | \$28.08B        | -\$17.88B     |
| Israel         | 17%     | \$22.22B        | -\$7.43B      |
| South Africa   | 30%     | \$14.66B        | -\$8.84B      |

Graph: The Budget Lab

\*China’s new 125% tariff—effective immediately under Section 301—sits outside the current pause and is not included in the charted figures.



## Industries Most Significantly Exposed

Although China still has tariffs, the newly announced tariffs have paused for the next three months, and the industries most exposed to potential disruption remain unchanged. Based on the countries facing the steepest proposed increases, sectors at greatest risk include textiles and footwear, wine and spirits, metals and aluminum, agriculture, imported foods, automotive, and consumer electronics and appliances.

These product categories rely heavily on foreign manufacturing and contract manufacturing, which introduces continued uncertainty across global supply chains and the broader international trade ecosystem.

While the proposed policy does impact select U.S. exports, key national security goods such as semiconductors, pharmaceuticals, medical supplies, energy resources, and conflict minerals are currently excluded.

As of April 4, 2025, countries including Canada, the EU, and China had signaled potential retaliatory action—reinforcing that even in a pause, the risk of escalation remains.

## Harnessing Intellectual Knowledge

Leveraging the extensive expertise across RGP's consulting solutions and real-time client insights, we've identified key priorities for mitigating disruption. Now is the time to plan ahead. Here are specific considerations for building a strategic response in this critical window of uncertainty:

- 1 Analysis of Commodity Pricing and Margin Profitability: Assessing cost of goods sold (COGS) and cost of services (COS).
- 2 Forensic Financial Modeling: Including tax implications and strategies to offset tariff increases.
- 3 Cash Flow and Financial Capital Investment Assessment: Evaluating cash flows and financial capital allocations.
- 4 Restructuring International Supply Chain Networks: Developing supply chain planning strategies for increased agility.
- 5 Revised Strategic Sourcing and Supplier Risk Management: Managing contracts to identify short-term improvements.
- 6 Consumer Demand Forecasting Models Implementing what-if analyses to create multiple demand scenarios.

**These strategies can help clients navigate the challenges posed by recent global changes effectively.**

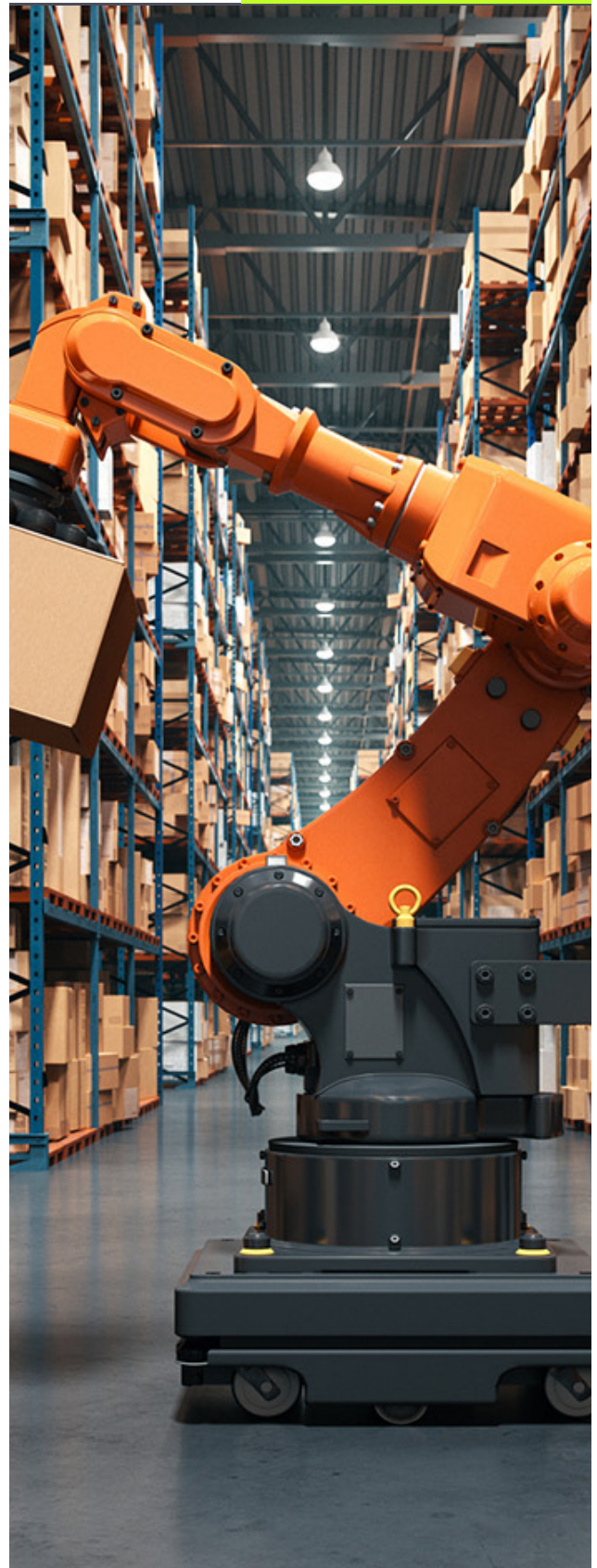
## Understanding the Supply Chain Implications

### Preserving Supply Agility and Resilience

Before the recent changes to trade and tariff policies, global industry trends highlighted the importance of connecting critical supply chain disciplines to major factors influencing supply chain agility and resilience. Drawing from various accredited industry resources, supply chain responses to internal and external pressures focused on the complexities of technology integration, geopolitical constraints, trade policies, labor shortages, dynamic macroeconomic shifts, consumer volatility, and investment restrictions.

Recent events have further emphasized the advancement of value-added supply chain initiatives, **recognizing several key industry trends:**

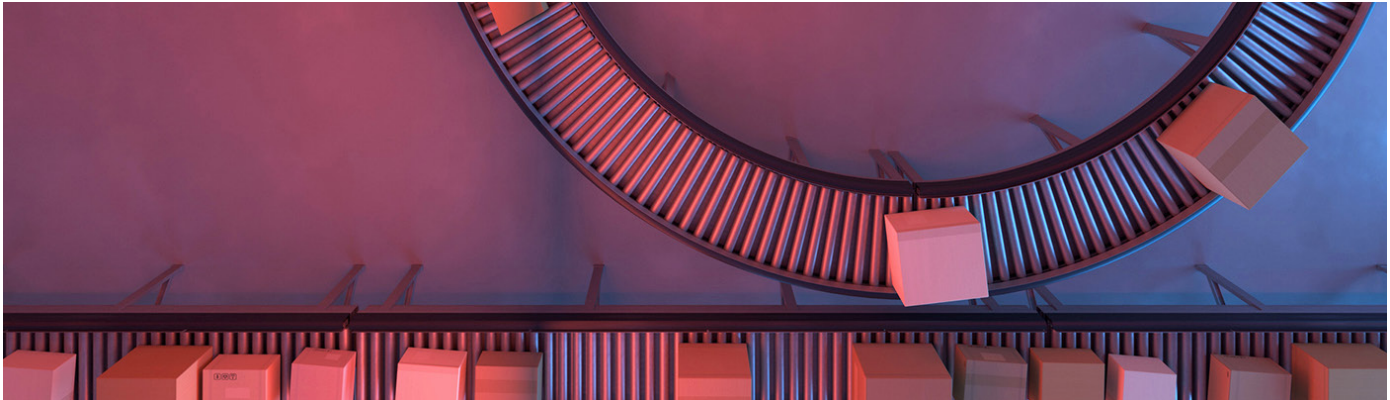
- Adoption of Artificial Intelligence (AI)
- Global Trade Implications and Disruptions
- Enhanced Predictive Analytics Capabilities
- Cybersecurity Threats and Mitigation Strategies
- Automation, Robotics, Mobility Solutions, Machine Learning (ML), Internet of Things (IoT), Virtual Reality (VR), and Supply Chain Digitization for Increased Agility
- Maturity of Enterprise-Wide Digital Ecosystems
- Optimization of Strategic Sourcing and Procurement
- Supplier Management and Diversification
- Product Traceability and Visibility
- Evolution of the Workforce



## Addressing Trade and Tariff Risks

Experts in the supply chain industry are confronted with undefined risks. The challenges that will stress test global supply chains necessitate that organizations cannot afford to adopt a wait-and-see approach. Even with the recent pause in tariff implementation, the current climate continues to elevate supply chain risks.

Supply chain leaders must act now to architect a risk response that implements flexibility, real-time crisis response, and alternative mitigation strategies—as tariff and tax implications remain fluid and subject to change.



Significant opportunities are available to enhance end-to-end supply chain efficiency, agility, and risk management capabilities. RGP's supply chain experts emphasize key focus areas that provide immediate benefits and long-term solutions.



**Supplier Diversification:** Implement alternative sourcing strategies by partnering with suppliers in lower-cost regions where the impact of tariffs is less severe. Strengthen relationships with tier-two and tier-three suppliers and adjust sourcing approaches using financial strategies that account for taxes and tariffs.



**Contract Management:** Review existing contracts with suppliers and vendors, particularly those approaching renewal. This allows for renegotiation of rates or the establishment of shared ownership to address price increases.



**Supply Chain Engineering and Scenario Modeling:** Collaborate across the entire supply chain ecosystem to leverage data analytics, historical trends, insights from manufacturing and distribution operations, financial and accounting expertise, and digital predictive modeling tools. This comprehensive approach will help develop alternative supply chain scenarios to enhance efficiency, minimize risks, and promote agility.



**Supply Chain Risk Management:** Implement a multi-faceted, cross-functional risk assessment approach by involving subject matter experts from various departments, including supply chain, finance and accounting, tax and treasury, trade compliance, corporate risk management, and legal teams. This collaboration will help develop a comprehensive risk strategy and roadmap to address changes in tariff policies, the impact of reciprocal tariffs, and the guidelines established under the USMCA regulations.



**Assess Current Operating Model:** Take a critical and introspective look at the organization's current operating model to identify gaps that can be optimized regarding people, processes, and technology. Focus on areas within the infrastructure that may lack knowledge and expertise. This can be achieved by utilizing third-party consultants, initiating new hiring efforts, or restructuring business operations to meet targeted objectives and outcomes. The goal is to future-proof the business against evolving trade, tariff, and tax implications.



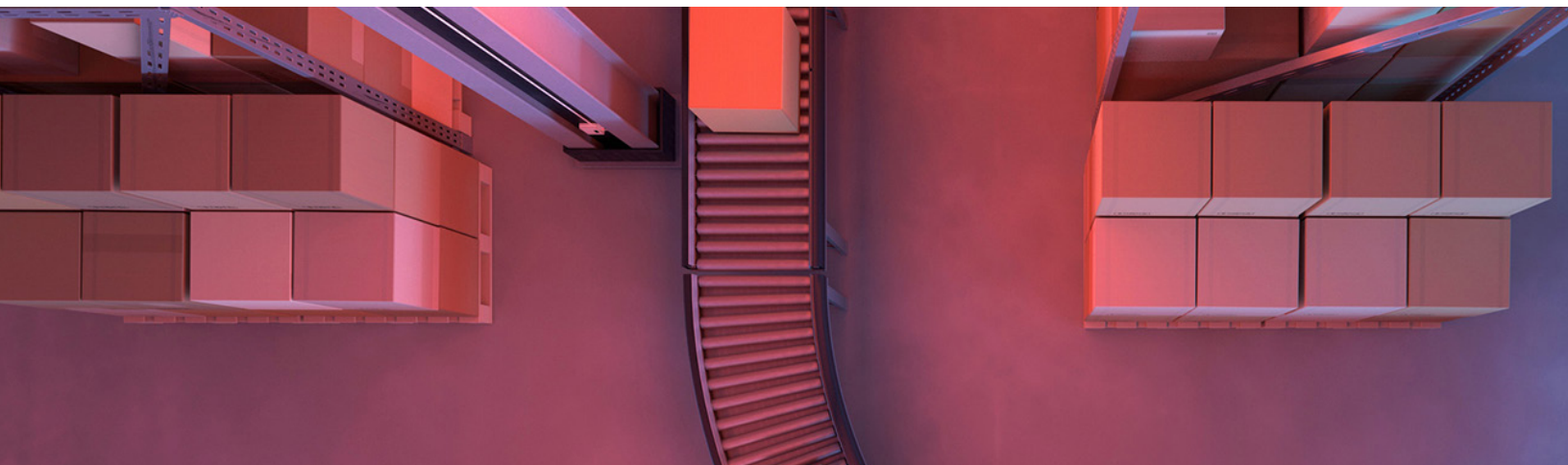
**Manufacturing Planning:** For industries significantly affected by new tariff regulations and price increases, exploring options for restoring or nearshoring manufacturing capabilities is essential. Conduct a cost-benefit analysis to make informed supply chain and financial decisions appropriate for the current geopolitical environment. Another important aspect is auditing the country of origin for final assembly to determine if there are positive cost savings while not jeopardizing trade compliance regulations.



**Foreign Trade Zone (FTZ):** Evidence exists, and practical experience working with clients indicates a heightened interest in leveraging FTZs and bonded warehouses to offset the direct transactional cost of imports into the U.S. Knowing that actual tax considerations do not apply until the goods hit the market for sale.



**Logistics:** It is vital to review the flow of goods, especially imports, small parcels, and e-commerce final mile delivery, to recalibrate transportation and logistics multi-channel networks. Building engineering models that account for inventory buffers, delays, and inflationary costs.



## Asking the Right Questions

While the path forward is riddled with unknowns and companies must operate on particular assumptions, prior lessons learned from major global disruptions can enable supply chain and organizational leaders to turn challenges into future growth opportunities.

### Here are recommended questions for consideration:

- 1 Have you quantified and qualified the supply chain impact using objective data intelligence to perform a mature risk evaluation?
- 2 Do your supply chain leaders and practitioners fully comprehend the threats, risks, issues, and consequences of the new trade and tariff policy changes and their direct impact on supply chain functional performance?
- 3 What is the actual versus perceived impact on consumers and customers? Based on data intelligence, are we directing the investment of resources to the right areas that will promote customer confidence?
- 4 Have we engaged with our suppliers to understand the direct impact, and are we collaborating to find alternative solutions?

## Economic Outlook and Considerations

### Primary Economic Factors

Global economists are actively re-forecasting financial models and predictions following the April 2nd U.S. Trade Policy announcements and the subsequent temporary pause on implementation. From market intelligence, what global experts are forecasting is:

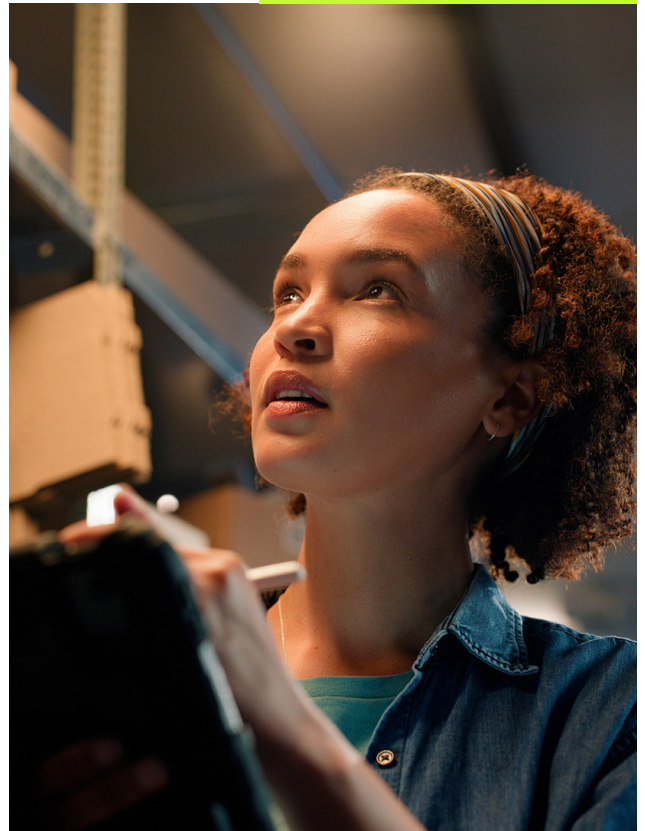
- U.S. economy should grow at 2.5% in 2025
- U.S. inflation should slow to 2.4% with expected Fed interest rate cuts between 3.25% and 3.5%
- Tariff policy updates can produce another higher valuation of the USD
- Consumer spending is considered robust at 3.5%
- Free trade and tariff increases can reduce trade deficits with a \$0.22 per dollar increase in profit on all goods imported into the U.S.
- 2024 Economic favorable conditions are instrumental in the updated forecast
- Economic predictions currently exclude potential global tariff retaliation or shifts tied to paused policy timelines

Our research unveils many potential positive outcomes due to the recent tariff policy changes that have far-reaching impacts on labor and workforce employment, corporate investments, monetary policy, and consumer spending.

### Conclusions

While the long-term impact of the April 2025 trade and tariff policy changes remains uncertain, the recent decision to temporarily pause implementation adds a new layer of complexity. Our research, based on multiple data sources, continues to point to favorable U.S. economic conditions—though any resumed or retaliatory trade actions could carry lasting macroeconomic consequences.

Despite initial global market concern, there is growing evidence that evolving trade dynamics, coupled with the continued digitization of international trade, may boost economic performance by up to 116%, with exports generating three times the cost of \$7.9 trillion in revenue.

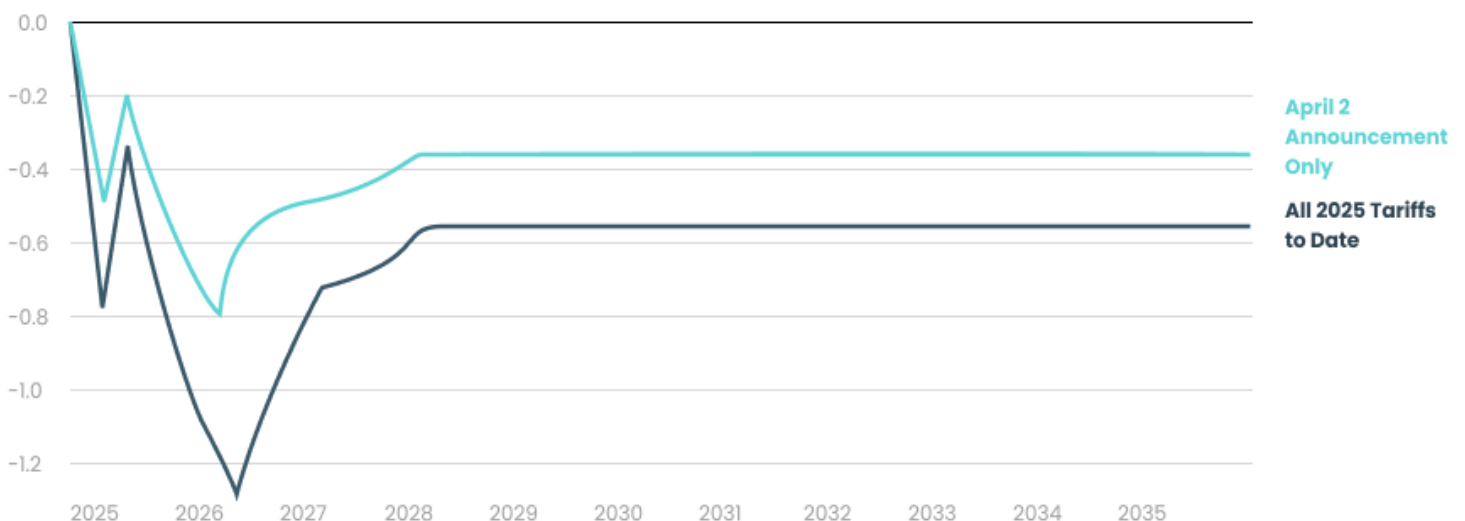


### Figure 1. U.S. Real GDP Impact of 2025 Tariffs (Including Announced but Paused Increases)

U.S. tariff projections based on policies enacted or announced through April 2, 2025.

Note: Some tariff increases originally scheduled for April 9 are currently paused for 90 days as of April 8.

Percentage point change against baseline



## Conclusion and Future Outlook

This whitepaper aims to provide valuable knowledge and industry expertise, offering detailed insights into the latest updates on U.S. trade and tariff policies. By assimilating comprehensive research from various accredited sources, we strive to present readers with a practical, action-oriented response that can guide strategic decisions, enhance risk management initiatives, and identify holistic supply chain improvement opportunities to foster agility and resilience.

RGP is committed to staying attuned to the evolving global landscape, macroeconomic conditions, potential risks, and industry-specific nuances. This enables us to deliver a portfolio of consulting solutions that create client-focused specialized services, helping businesses navigate the next disruption effectively.

We pride ourselves in listening to our clients to understand their most pressing pain points, harnessing our intellectual consulting capabilities to deliver tangible solutions that guarantee a return on investment. Placing a premium on delivering real-world quantifiable results that galvanize the workforce, drive sustainable results, and generate positive business outcomes through a collaborative client-consultant experience.

With the evolving global economic landscape reshaping in response to the released Trade and Tariff Policies, RGP is committed to advocating on behalf of our existing and new clients to architect successful strategies that promote financial prosperity, supply chain resilience, financial acumen, tax innovative solutions, and overall enterprise-wide business optimization to ensure quality and day-to-day operational excellence to meet customer expectations.



## How RGP Can Help

We deliver curated solutions that accelerate business growth and performance, execution-oriented results, and flexible services that meet clients where they are to harness intellectual knowledge and industry expertise.



### Procurement Optimization



### Supply Chain Consulting



### Finance Transformation



### Tax & Treasury



## Disclaimer

The gravity of the imposed tariffs remains a fluid and rapidly evolving global event, and the information shared is as of April 8th, 2025. This whitepaper and the information expressed are the result of comprehensive research, market intelligence, and data collection from accredited resources published between March and April 2025.

All published findings are directly the result of a moment in time evaluation with individual interpretations, thought leadership perspectives, and comprehensive knowledge of the trade and tariff policy updates outlined in the U.S. White House Executive Order.

## Sources

- World Economic Forum, 2025
- International Trade Council, February 2, 2025
- Work Bank Group
- Yale University, April 2, 2025
- Bureau of Economic Analysis
- J.P. Morgan
- University of Michigan, Department of Economics
- Welch & Forbes LLC
- IBISWorld
- United States White House
- Reuters
- Gartner
- Kilinger
- Federal Reserva Bank
- Center for International trade Development
- Tax Foundation
- Statista
- National Law Review
- MIT Sloan Business School
- ARC Advisory Group