PwC’s US Tariff Industry Analysis: How Trump's tariffs could impact US companies

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In brief

What happened?

Since taking office on January 20, President Trump has introduced several policies and executive orders. On his first day in office, he issued the America First Trade Policy, which launched an investigation into unfair trade practices, expected to conclude on April 1. A key component of this investigation, "Unfair and Unbalanced Trade," targets countries with significant annual trade deficits in goods, potentially subjecting them to country-specific tariffs. This includes several European Union nations (e.g., Germany, Ireland, and Italy), Asian jurisdictions (e.g., Vietnam, Japan, and Taiwan), and other global trade partners. A review of unfair trade practices by other countries and a consultation with respect to the United States-Mexico-Canada Agreement (USMCA) also are key components of the investigation.

Additionally, on February 13, President Trump introduced the Fair and Reciprocal Plan , designed to evaluate and impose reciprocal tariffs on countries that enforce higher duties/tariffs on US goods, including through a value-added tax or other non-tariff barriers. The European Union, India, and Japan have been identified as potential targets due to their tariff policies on American products.

Both the America First Trade Policy and the Fair and Reciprocal Plan are expected to have their investigations completed by April 1 with potential new tariffs as soon as April 2.

Why is it relevant?

The Trump tariff policies significantly expand the scope of products, industries, and countries subject to tariffs compared to previous administrations. Barring carve-outs or a new exclusions process, even Chinese goods that previously were exempt from tariffs would be impacted by the new Trump tariff proposals. Importers and purchasers across all sectors therefore must assess the impacts of these new policies on a go-forward basis.

In PwC's US Tariff Industry Analysis, the data reflects that the total tariff measures could increase from $76 billion a year to nearly $697 billion a year, although that figure does not take into account countermeasures that trading partners may impose, or behavioral adjustments that companies may make, in reaction to US policy changes.

From an industry perspective, the key sectors that will be impacted include industrial products, consumer products, automotive / aerospace, pharmaceutical, life science, and medical device, technology, media, and telecommunications (TMT), energy, utilities and resources, and private equity.

Action to consider

As tariff rates continue to evolve, it is crucial for US multinational corporations to assess the impact of these trade policies on their business operations and supply chains.

Each multinational corporation, including those not currently subject to tariffs, should assess the pre/post impact of the tariffs on its earnings per share and overall shareholder returns. Focusing the impact assessment at operating profit potentially could create a drag on earnings per share based on the implication of corrective actions on the statutory model. It is crucial for companies to model the changes to have data-driven insights that inform strategic decisions moving forward. Additionally, as certain industries historically have been subject to predominantly low or duty-free rates, companies in these industries should consider whether existing trade, logistics and sourcing operations, and regulatory controls should be enhanced to address the changing risk profiles associated with the new tariffs.

In detail

Status of tariffs

In terms of tariffs imposed on specific countries, the main focus has been on China, Canada, and Mexico. However, the trade policy landscape remains highly fluid, with new developments arising from additional tariff orders, ongoing investigations, social media posts, and statements from press conferences. **Below are the current US Import Tariffs (as of publication date).**

Country	Rate	Date
China	Up to 25% Majority of goods, or up to 50% for certain classifications, and 100% for electric vehicles 20% All products (including products from Hong Kong)	2018 to Feb 2025 Feb 4, 2025
Mexico	25% All products (Tariffs delayed until April 2 for goods (including automobiles) covered by USMCA)	March 4
Canada	25% All products except energy (Tariffs delayed until April 2 for goods (including automobiles) covered by USMCA) 10% for Energy or energy resources	March 4
Rest of World	TBD - **America First Trade Policy** Investigation TBD - **Fair and Reciprocal Plan** Investigation	April 1 April 1 - Aug 12
All Locations	Steel & Aluminum: 25% tariff on covered imports from all jurisdictions	March 12
All Locations	De minimis - Proposed prohibition on de minimis entries for all goods subject to Sec.301, Sec. 232, or Sec. 201, and IEEPA tariffs	TBD

Tariff analysis overview

To illustrate how impactful these tariffs might be, PwC prepared a US Tariff Industry Analysis using 12 months (January 2024 through December 2024) of US Census data, along with Trump's current tariffs on China and proposed tariffs for Canada and Mexico. PwC also prepared potential directional proposed tariff estimates on reciprocal tariffs for the remaining Rest of World (ROW) jurisdictions using various sources, including World Trade Organization data and Most Favored Nation rates. For the reciprocal tariffs, PwC has made calculations to account for a combination of Sec. 2 (a): tariffs imposed on United States products and Sec. 2 (b): extraterritorial taxes (e.g., VAT) of the Fair and Reciprocal Plan. PwC did not make any estimates for retaliatory tariffs or for the factors listed within Sec. 2(c), 2(d), or 2(e) of the Fair and Reciprocal Plan.

PwC's US Tariff Industry Analysis encompasses all US imports that cover over 100 industries and imports from over 230 jurisdictions into the United States. The results of the tariffs under the Trump administration among the "Dutiable" and "Non-dutiable" groups are illustrated in Figure 1 below.

Note: The Census Bureau breaks out this impact across different buckets that are effectively categorized as "Dutiable" and "Non-dutiable" goods. "Dutiable" goods are those imports upon which duty was paid (e.g., pursuant to the relevant tariff classification and inclusive of Most-Favored Nation duties or special measures). "Non-dutiable" goods are those imports that entered without payment of duty (e.g., conditionally duty-free goods or goods entered under a special program or Free Trade Agreement (FTA)/exemption). For discussion purposes, PwC uses the breakout of "Dutiable" and "Non-dutiable" goods throughout this publication.

Figure 1: US annual imports (January 2024 through December 2024): Comparison of "Dutiable" vs. "Non-dutiable" goods pre-election vs. the potential impact of Trump's newly imposed and proposed tariffs

	Pre-election		Imposed and potential Trump tariff impact					
Type of Goods	Import Value	Current Tariff	China/HK at 20%	Mexico	Canada	Potential ROW	Total Additional Prospective Impact*	Total Impact*
Dutiable	**$981B**	$76B	$54B	$12B	$22B	$109B	$197B	$273B
Non-Dutiable	**$2.1T**	$0	$30B	$111B	$74B	$209B	$424B	$424B
Total*	**$3.1T**	$76B	$84B	$122B	$96B	$318B	$621B	$697B

Source: PwC Tariff Industry Analysis relying on US Census Bureau, "Monthly U.S. Imports by North American Industry Classification System (NAICS) Code," January 2024 – December 2024.

**Differences in total amounts are due to rounding*

Approximately $3.1 trillion of imported goods entered the United States in the last year. Of that total, approximately $2.1 trillion entered duty free. The Trump administration's proposals pertaining to Canada and Mexico suggest that the status of FTAs may be in jeopardy, and additional tariffs will apply on top of any existing FTA benefits. Going forward, this shift could result in duties and fees being assessed on the full US import value of $3.1 trillion (including the $2.1 trillion that is currently "Non-dutiable"), encompassing a multitude of US imports previously exempt from tariffs.

The estimated annual total tariff amount would increase dramatically to $697 billion (from $76 billion), with $273 billion derived from "Dutiable" goods and $424 billion derived from "Non-dutiable" goods (the latter reflecting an increase from zero tariffs today). Many US multinationals have built their supply chains to comply with FTAs, therefore the imposition of tariffs on "Non-dutiable" goods could affect these companies disproportionately by disrupting their sourcing strategies.

To break things down further, the top 10 US importer jurisdictions are broken out by tariff, tariff increase, and major products impact in Figure 2 below.

Figure 2: Top 10 US importer jurisdictions and potential tariff impact (broken out by tariff, tariff increase, and major products impact)

Jurisdiction	Annual % of US imports	Additional tariff %*	Estimated tariff increase $	Top products impacted
Mexico*	15.8%	25%	$122B	Digital processing units, Motor vehicles, crude oil
China	13.5%	Additional 20%	Additional $84B	Smartphones, portable automatic data processing machines, lithium-ion batteries
Canada	12.5%	25%	$96B	Crude oil, motor vehicles, and petrol oil
Germany	4.8%	20%	$30B	Motor vehicles, Immunological products, medicaments
Japan	4.6%	10%	$15B	Motor vehicles, machinery, immunological products
Vietnam	4.5%	15%	$21B	Portable automatic data processing machines and smartphones
South Korea	4.1%	14%	$18B	Motor vehicles, parts and accessories for machines, oil (not crude)
Taiwan	3.6%	5%	$6B	Parts and accessories for machines, digital processing units, and electronic integrated circuits
Ireland	3.0%	25%	$23B	Immunological products, medicaments and hormones
India	2.8%	28%	$24B	Medicaments, diamonds, smartphones

*The Mexico analysis assumes tariffs would be applied to all tangible products coming from Mexico into the United States, regardless of tax structure (e.g., if the company is a Maquiladora, toll manufacturer, or contract manufacturer). The percentage for jurisdictions other than Mexico, China, and Canada are the potential reciprocal tariff rates.

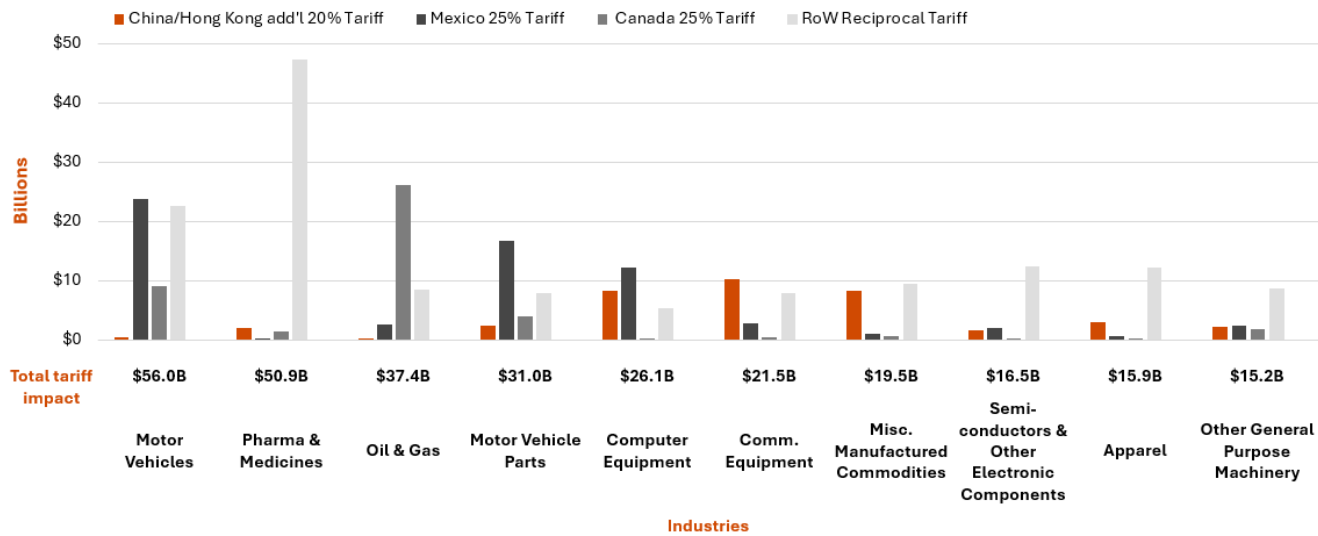
The key takeaway is that industries most affected by the proposed tariff changes are those that historically have benefited from importing goods with minimal to zero duties, falling under the “Non-dutiable” goods category. Companies that rely heavily on imports from Mexico, Canada, or other FTA partners — or imports that are currently unconditionally duty-free — could face substantial tariff increases. Multinationals also will have to balance the potential opportunity for “tariff arbitrage” (e.g., moving from a location with a 25% tariff to one with a lower tariff (or zero)) against the potential for additional logistics costs and considering the longevity of proposed tariffs.

Top impacted industries

Industries that rely heavily on imports would face an immediate impact with additional tariff costs, increased consumer prices, and overall margin erosion across companies at large. Follow-on impacts may include potential changes to a company’s overall supply chains including alternative materials sourcing strategies or even alternative manufacturing locations.

To analyze the current vs. proposed tariff state, Figure 3 summarizes the prospective annual impact for the top industries with the largest incremental increase of potential tariffs.

Figure 3: Top 10 industries – impact by potential rate per jurisdiction



Source: PwC Tariff Industry Analysis relying on US Census Bureau, "Monthly U.S. Imports by North American Industry Classification System (NAICS) Code," January 2024 – December 2024.

The proposed tariffs are set to create significant challenges across certain industries, which include:

- **Motor Vehicles:** Manufacturers reliant on vehicles imported from Mexico and Canada would face cost increases due to the 25% rate from those countries, plus the proposed 100% to 200% tariffs on cars from Mexico. This industry is estimated to have a tariff increase of approximately $56.0 billion from nearly $3.6 billion a year — making them the hardest hit industry by dollar amount of tariffs.
- **Pharmaceuticals and Medicines:** Previously exempt from most tariffs, companies in these industries could have the largest exposure if the ROW rates are enacted and there are no carve-outs. The level of tariffs paid is projected to increase by over $50 billion from approximately $88 million a year.
- **Oil and Gas:** Companies integrated with Canada's energy and utility sectors should anticipate higher costs on goods that were previously free from tariffs.
- **Computer Equipment and Communications Equipment:** Companies importing products ranging from semiconductors and electronic components to other communication equipment (e.g., cell phones) from China are preparing for steep disruptions. These two combined industries are forecasted to increase by over $47 billion from just over $1 billion in tariffs.
- **Retail:** The apparel and consumer goods sectors anticipate higher costs, which may lead to increased consumer prices and softened demand. This may be exacerbated by steps taken by both the Biden and Trump administrations to take executive action against alleged "significant increased abuse" of the so-called "de minimis" exception. Such actions are on hold until systems to tariff these shipments are put in place. See PwC's prior Tax Insights dated September 2024 and February 2025.

Reciprocal tariffs may be on the horizon

To help shed light on the America First Trade Policy investigations concerning "Unfair and Unbalanced Trade," PwC also has used the US Tariff Industry Analysis to illustrate the top 20 jurisdictions with US trade deficits in Figure 4 below.

Figure 4: Top 20 annual trade deficit jurisdictions in 2024

Jurisdiction	Total export Value	Total import Value	Trade balance*
China	$144B	$418B	($274B)
Mexico	$334B	$490B	($156B)
Vietnam	$13B	$140B	($126B)
Ireland	$17B	$92B	($76B)
Germany	$76B	$147B	($71B)
Taiwan	$42B	$113B	($70B)
Japan	$80B	$144B	($64B)
South Korea	$66B	$127B	($62B)
Thailand	$18B	$63B	($45B)
India	$42B	$86B	($44B)
Italy	$32B	$71B	($38B)
Canada	$349B	$386B	($37B)
Switzerland	$25B	$57B	($32B)
Malaysia	$28B	$50B	($22B)
Indonesia	$10B	$28B	($18B)
Austria	$4B	$17B	($12B)
Cambodia	$0B	$13B	($12B)
Sweden	$8B	$17B	($9B)
Hungary	$3B	$12B	($9B)
France	$44B	$52B	($9B)

**Differences in total amounts are due to rounding*

With the United States running trade deficits with several major economies, imposing tariffs on imports from these jurisdictions could have widespread effects across various industries. One of the most significant areas of impact would be the TMT sector, where jurisdictions like China, Taiwan, South Korea, Vietnam, and Malaysia are key suppliers. Tariffs on these nations would drive up costs for semiconductors, smartphones, laptops, and other consumer electronics, leading to price increases and potential supply chain disruptions.

The automotive sector also would face serious consequences, as manufacturers rely heavily on imports from Mexico, Germany, Japan, South Korea, Canada, and Thailand for auto parts and machinery. Tariffs could make vehicles more expensive for consumers, raise production costs for US automakers, and delay manufacturing operations, putting pressure on jobs and production lines.

In the pharmaceutical, life science, and medical device sectors, countries like Ireland, Switzerland, and India play a crucial role in supplying critical medicines and healthcare equipment. Tariffs could lead to increased drug prices, higher costs for hospitals, and potential shortages in the healthcare supply chain, which may put additional strain on consumers and medical providers.

The consumer products sector, as it relates to apparel and textiles, also would feel the squeeze, particularly with Vietnam, China, Cambodia, and India as leading suppliers of clothing and footwear. Tariffs on these imports would push up prices for consumers and disrupt the supply chains of major retailers, potentially forcing companies to seek alternative, but costlier, production locations.

The agriculture and food supply chain would not be spared either, as countries like Mexico, Canada, Indonesia, Malaysia, and Thailand supply essential raw materials and food products to the United States. Tariffs on these goods could drive up prices for fruits, vegetables, seafood, and palm oil, impacting both consumers and food manufacturers. Moreover, any retaliatory tariffs from these countries could harm US farmers who depend on exports to these regions.

Beyond necessities, the consumer market's luxury goods and fashion industries would experience shifts, as higher tariffs on imports from Italy, France, Switzerland, and Austria could lead to increased prices on high-end fashion, watches, and designer goods. This could dampen consumer demand and put pressure on luxury retailers.

Similarly, the industrial products sector would be hit by rising costs on machinery imports from Germany, Italy, Canada, and Austria. These tariffs could slow infrastructure and construction projects, making specialized equipment more expensive and impacting productivity in critical industries.

Even the energy, utilities, and resources sector would feel the effects, particularly with Canada and Indonesia as key suppliers of petroleum, rubber, and other essential materials. Tariffs could lead to higher costs for manufacturing industries that depend on these raw materials, further exacerbating price pressures across multiple sectors.

Overall, while tariffs aim to address trade imbalances, they also come with significant risks, including higher consumer prices, supply chain disruptions, potential job losses, and retaliatory tariffs that could harm US exports. As industries brace for potential shifts, businesses will need to explore alternative sourcing strategies, negotiate supply chain adjustments, and consider the long-term economic impact of trade policy decisions.

Potential mitigation strategies

As a result of the anticipated disruptions to global commerce and trade, costs associated with production, regulatory, and tax compliance are expected to rise and potentially multiply for many companies. Companies reliant on global sourcing should proactively adapt to this evolving trade environment to mitigate financial and operational risks across the value chain. This would necessitate a multi-faceted approach across the supply chain, trade and customs, and tax departments as illustrated below.

	Area	Key impacts and challenges	Mitigation strategies
1	Company Overall	• Reduced US gross margin/operating profit • Earnings per share erosion • Future cost uncertainty	• **Perform pre/post scenario analysis** – an end-to-end assessment to understand your impact down to the individual import. Modeling is crucial and these models may vary significantly by sub-sector. • **Advocate policy** – request that new tariffs allow for exclusions or potential duty drawback • **Evaluate options** – for potential US domestic production or sourcing, as well as operating model • **Develop your strategy** – with a holistic approach covering supply chain, trade and customs, as well as tax

	Area	Key impacts and challenges	Mitigation strategies
2	Trade & Customs	• Increased compliance • Additional tariff recovery measures • Limited team bandwidth	• **Defer duty** – leverage foreign trade zones or bonded warehouses to increase cash flow and potential duty deferral benefits • **Recover duty** – utilize duty recovery programs such as Duty Drawback • **Re-evaluate value** – potentially lower the basis of customs value using First Sale for Export or other valuation strategies • **Revisit the basics** – potentially change to a lower duty tariff code via product or packaging modifications • **Shift country of origin** – to avoid tariffs driven by a shift of significant value-add activities
3	Supply Chain	• Increased import and overarching landed cost • Imbalance on US vs. non-US sourcing cost • Pressure on supplier and customer pricing	• **Conduct US sourcing and manufacturing dependency analysis** – examine key dependencies of supplying and manufacturing countries, suppliers, and products that may help with potential sourcing and manufacturing planning. • **Revise supply chain strategy** – assess the financial exposure posed by the proposed tariffs through end-to-end supply chain modeling. Scenario analysis can identify vulnerabilities or opportunities (e.g., onshoring). Determine alternative strategies that may include changes in suppliers, manufacturing footprint, use of free trade zones, postponement strategies, product redesign, etc. • **Consider retaliatory tariffs** – understand how retaliatory measures by trade partners may impact your operating model
4	Tax	• Transfer Pricing disruption • Transaction and functional recharacterization • Generate cash through tax operating model enhancements	• **Assess transfer pricing policy** – determine whether post-tariff impact on imported goods (and associated service and intangible transactions) may move intercompany margins out of arm's length range, requiring proactive review and adjustment to maintain ongoing compliance • **Analyze transactional and functional characterization** – including product price unbundling, realignment of assets and risks, to adjust import value of US destined goods • **Revisit tax operating model** – identify overall income tax impacts and opportunities such as mix of income, tax attributes, incentives as part of the company's re-evaluation of supply chains (generate 'above-the-line' cash savings)

The takeaway

Each multinational corporation should evaluate how potential tariffs could impact its annual operating profit. Utilizing data-driven insights is critical to help drive strategic decisions and identify viable options moving forward. Aligning supply chain, tax, customs, and financial strategies is essential to reduce risks and avoid unexpected costs. Effective management of inter-company pricing can help address the conflicting priorities of tax authorities and customs agencies. By adopting a coordinated approach, businesses can navigate these complexities while maintaining stability and achieving an effective governance and compliance framework.

See also

PwC has prepared industry-specific Tax Insights using this overall US Tariff Industry Analysis as follows:

- Industrial Products and Manufacturing Industry Insight
- Consumer Products Industry Insight
- Automotive and Aerospace Industry Insight
- Pharmaceutical, Life Science, and Medical Device Industry Insight
- Technology, Media, and Telecommunications Industry Insight
- Energy, Utilities, and Resources Industry Insight
- Private Equity Industry Insight

Let's talk

PwC utilizes industry data and schedules to run tailored analyses of companies' operating models. For a deeper discussion of how the Trump administration tariffs might affect your business or if you would like to have your data run within the proprietary PwC Tariff Industry Analysis, please reach out to your PwC contact or one of the following contacts:

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