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U.S. Importers Absorb Trump-Era Tariffs as Consumer Costs Loom

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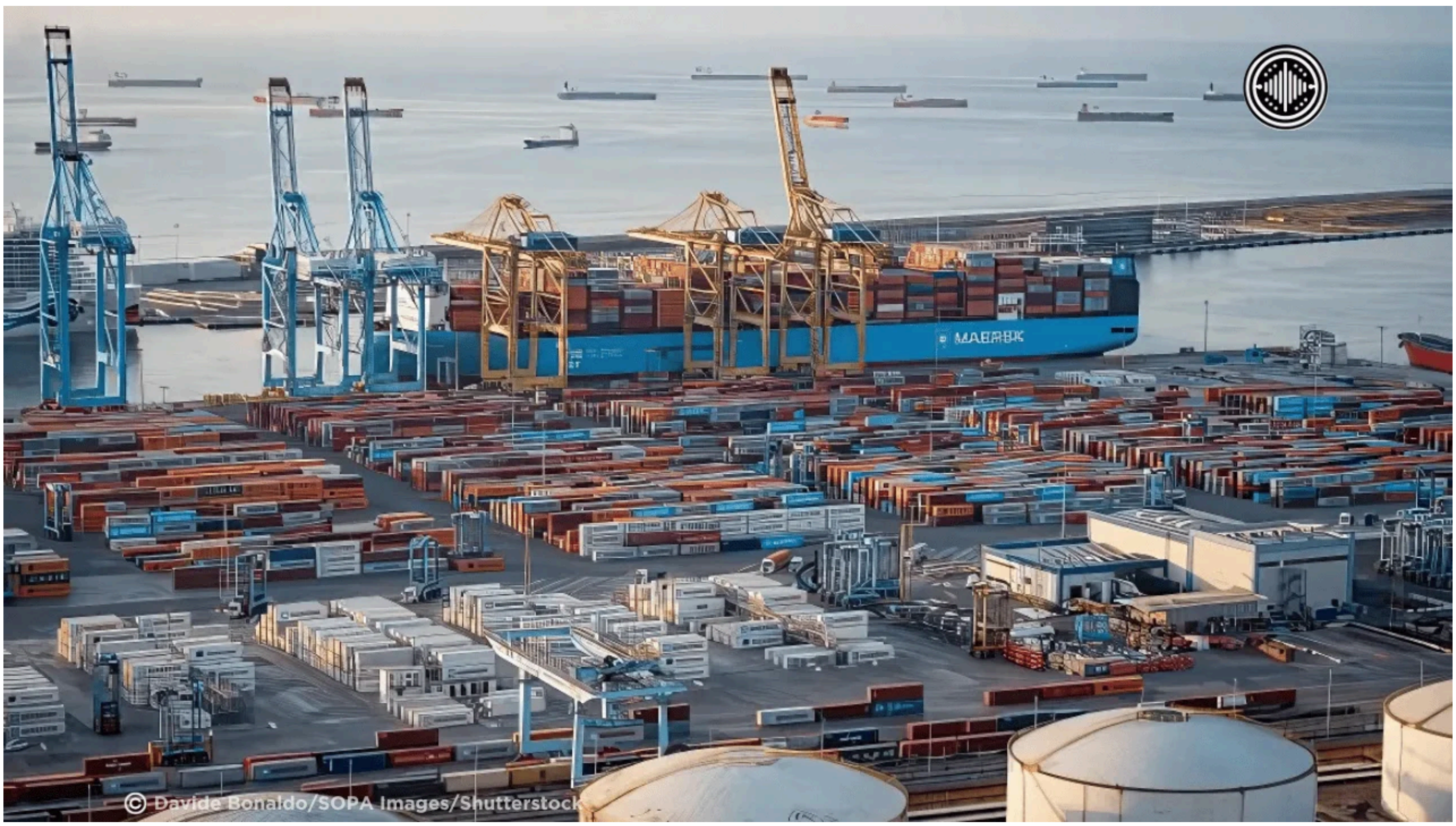

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U.S. businesses, not overseas exporters, are carrying the weight of President Donald Trump's tariffs, with American consumers likely to see higher prices shortly. That's the conclusion from a new report by Deutsche Bank, which challenges long-standing claims by the White House that the economic burden falls on foreign producers.

In a detailed analysis, Deutsche Bank economists examined import price behavior during the second quarter of 2025 when many of Trump's latest tariffs took effect. The research found minimal reductions in the cost of imported goods, indicating that overseas exporters have not significantly lowered their prices to absorb the added duties. This suggests that American importers are the ones absorbing the tariffs, squeezing profit margins across various sectors.

"If foreigners were paying for the tariffs, we would expect to see a sharp reduction in the price of imported goods," Deutsche Bank noted. Instead, only modest price drops were observed, primarily from Canada and the United Kingdom. Imports from China, where tariff rates rose by over 30 percent, saw prices fall by just 1 percent.

Deutsche Bank concluded that most of the tariff burden has fallen on American companies. The report outlined three takeaways: first, foreign exporters are largely unaffected so far, giving them stronger leverage in future trade talks; second, price increases for consumers may still be coming; and third, the economic strain may weigh on the strength of the U.S. dollar moving forward.

The White House has pushed back against the findings. Spokesman Kush Desai pointed to data from the Council of Economic Advisers (CEA), which argues that overall imported goods prices have declined since the tariffs were introduced. According to the CEA, from December 2024 to May 2025, imported goods prices dropped by 0.1 percent, compared to a 0.4 percent rise in broader Personal Consumption Expenditures (PCE) goods prices.

While falling energy prices have played a role in import price deflation, the CEA maintains that tariffs have not contributed significantly to inflation. Still, major U.S. manufacturers are reporting substantial losses tied to the trade policies. General Motors reported a $1.1 billion cost hit in the latest quarter, while Stellantis, which owns Ram and Jeep, cited a $350 million loss.

Other industry leaders, including Texas Instruments and Best Buy, have also flagged declining profits and softening demand as tariff-related challenges persist. With over $100 billion in tariff revenue collected this year alone, the Trump administration's trade strategy is reshaping the landscape for American businesses, potentially setting the stage for rising consumer costs in the months ahead.