

PwC's US Tariff Industry Analysis – Consumer Products

March 17, 2025

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?

Importers and purchasers across all sectors, including the Consumer Products industry (i.e., consumer goods and retail), must assess the potential impacts of these new policies on a go-forward basis. In PwC's US Tariff Industry Analysis, the data reflects that the total tariff impact could increase from \$27 billion a year to approximately \$134 billion a year for the Consumer Products industry, even before taking into account potential countermeasures that trading partners may impose, or behavioral adjustments that companies may make, in reaction to US policy changes.

For some companies in the Consumer Products industry that may have been mostly shielded from tariffs that have been in place since 2018, these new tariffs introduce a challenge. Companies in this industry face an immediate impact with increased costs, supply chain disruptions, and volatility due to increased consumer prices.

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 dynamically model the changes to have data-driven insights that inform strategic decisions moving forward. For the Consumer Products industry these new and proposed tariffs could be assessed on the full value of US imports to the tune of \$463 billion (i.e., imposed on both "Dutiable" and "Non-Dutiable" goods). Additionally, companies in this industry should consider whether existing trade, logistics and sourcing operations, and regulatory controls could 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	2018 to Feb 2025
	20% All products (including products from Hong Kong)	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	April 1
	TBD - Fair and Reciprocal Plan Investigation	April 1 - Aug 12
All Locations	Steel & Aluminum: 25% tariff on covered imports from all countries	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) countries 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, covering 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 for Consumer Products 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 for Consumer Products

Type of Goods	Pre-election		Imposed and potential Trump tariff impact*					Total Additional Prospective Impact*	Total Impact*
	Import Value	Current Tariff	China/HK at 20%	Mexico	Canada	Potential ROW			
Dutiable	\$197B	\$27B	\$13B	\$0.3B	\$0.5B	\$31B	\$44B	\$71B	
Non-Dutiable	\$265B	\$0	\$0.9B	\$16B	\$13B	\$33B	\$63B	\$63B	
Total*	\$463B	\$27B	\$14B	\$16B	\$13B	\$64B	\$107B	\$134B	

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 \$463 billion of imported goods entered the United States in the last year in the Consumer Products industry. Of that total, approximately \$265 billion entered duty free, a major proportion benefitting from preferential duty-free treatment under one of the many Free Trade Agreements (FTAs) to which the United States is a party. The Trump administration's stated policies pertaining to Canada and Mexico and other trading partners 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 tariffs being assessed on the full US import value of \$463 billion (including the approximately \$265 billion that is currently "Non-dutiable"), encompassing a multitude of US imports previously exempt from tariffs.

The estimated annual total tariff amount for the Consumer Products industry would increase dramatically to \$134 billion (from \$27 billion), with \$71 billion derived from goods that are currently subject to some level of duty or tariff, and \$63 billion derived from "Non-dutiable" goods (the latter reflecting an increase from zero duties today). Many US multinationals have built their supply chains to comply with, and benefit from, FTAs; therefore, the imposition of

tariffs on previously “Non-dutiable” goods could affect these companies disproportionately by disrupting their sourcing strategies.

Overall, these tariffs will introduce a new challenge to the Consumer Products industry, which previously had mostly been shielded from the existing tariffs that have been in place since 2018. The US Consumer Price Index rose 0.2% in [February 2025](#), following a 0.5% increase in January 2025, resulting in a 2.8% increase over the past 12 months. Consumers will continue to face an increased cost of living, and tariffs will only further increase prices on essentials such as groceries and healthcare items, as well as non-essentials such as high-end electronics or luxury retail goods if no solutions are found. Brands and retailers will need to stay agile to find ways to respond to the tariff pressures while minimizing impact to the consumer.

Top impacted industries

To analyze the current vs. proposed tariff state, Figure 2 summarizes the prospective annual impact for the Consumer Products industry with a closer look at more specific product categories.

Figure 2: Top 10 industries within Consumer Products – 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 National Retail Federation estimates that [US consumers could lose \\$46 billion to \\$78 billion annually in spending power due to tariffs](#), affecting sectors such as apparel, footwear, toys, and furniture. Impacted companies will need to carefully evaluate whether to pass increased costs on to consumers, as many households are already sensitive to price increases as a result of recent inflation. With heightened price sensitivity, businesses will need to weigh the risk of losing customers against the impact on their margins. This is particularly important for companies that also will be impacted by the steel and aluminum tariffs and Rest of World tariffs.

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](#).

Note: In response to President Trump’s implementation of a 10% additional tariff on imports from China on February 4 and an incremental tariff of 10% on March 4 under the authority of the International Emergency Economic Powers Act (IEEPA), China already has announced its own retaliatory actions, which have included imposing tariffs on certain US exports. In addition, China has filed a complaint with the World Trade Organization over these tariffs.

A wide array of exporting jurisdictions likely will be affected by the Trump administration’s tariffs. Figure 3 below shows the top 10 exporting jurisdictions into the United States for the Consumer Products industry, broken out by potential tariff and annual tariff increase.

Figure 3: Top 10 US importer jurisdictions and the potential tariff impact: Consumer Products industry

Jurisdiction	Annual % of US imports	Additional tariff %*	Estimated tariff increase \$
China	14.9%	Additional 20%	Additional \$13.8B
Mexico*	13.8%	25%	\$16.0B
Canada	11.4%	25%	\$13.2B
Vietnam	9.6%	15%	\$8.4B
Italy	4.1%	23%	\$4.7B
India	4.0%	28%	\$6.2B
Indonesia	3.2%	18%	\$2.8B
France	2.9%	21%	\$2.9B
Brazil	1.8%	34%	\$2.6B
Bangladesh	1.7%	27%	\$2.2B

*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 top 10 US importer jurisdictions account for approximately 68% of the potential annual tariff increase of \$107 billion. Based on the top 10 US importer jurisdictions, the potential annual tariff increase for the Consumer Products industry could be approximately \$72.8 billion.

The key takeaway is that the Consumer Products industry will be materially impacted by the proposed tariff changes as this industry historically has benefited from importing goods not previously targeted by tariffs and often leveraging FTAs. Companies in this industry that rely heavily on imports from Mexico, Canada, or other FTA partners 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. The situation is even bleaker for companies whose imports historically have been subject to high duties (e.g., apparel, footwear, some consumer electronics), since the tariffs are assessed cumulatively and can result in an increase of overall duty/tariff costs of 40% to 50%. For example, men’s manmade fiber swimwear is subject to a general duty rate of 27.8% (regardless of origin) but, with the Section 301 and the new IEEPA tariffs that are triggered if they are of Chinese origin, these products would be subject to an additional tariff of 27.5% for a total of 55.3% in customs assessments.

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

Of the top 20 trade deficit jurisdictions in Figure 4, all but Bangladesh and Brazil are on the list of top 10 US importer jurisdictions in Figure 2. Multinational companies that have existing, or are considering, operations in those jurisdictions will need to pay close attention to indications coming from the Trump administration with respect to the America First Trade Policy as the Consumer Products industry could face additional tariffs.

The Consumer Products industry, as it relates to apparel and textiles, would feel the most squeezed, particularly with Vietnam, China, Cambodia, and India, given these jurisdictions are 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, and often costlier, production locations.

The agriculture and food supply chain also would not be spared, as countries such as 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.

Potential mitigation strategies

As a result of the anticipated disruptions to global commerce and trade due to the Trump administration’s imposed tariffs, 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	<ul style="list-style-type: none"> • Reduced US gross margin/operating profit • Earnings per share erosion • Future cost uncertainty 	<ul style="list-style-type: none"> • Scenario readiness – perform pre and post impact analysis through end-to-end scenario modeling down to the import • Portfolio (re)positioning – assess against existing growth plans and determine if changes to your existing portfolio or its position are needed, while considering competitor impacts • Pricing and commercial strategies – use your marketing, pricing, and promotional levers to respond, assessing your competitors as well as partners for opportunities to capitalize on or mitigate against impacts • Advocacy and policy engagement – work with your team as well as policy parties to understand policy changes and where / how they can be influenced
2 Trade & Customs	<ul style="list-style-type: none"> • Increased compliance • Additional tariff recovery measures • Limited team bandwidth 	<ul style="list-style-type: none"> • 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 where applicable • 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 tariff classification code attracting lower tariff rates via product or packaging modifications (i.e., tariff engineering) • Shift country of origin – explore ability to avoid tariffs by a shift of significant value-add activities in secondary locations (i.e., origin engineering)

Area	Key impacts and challenges	Mitigation strategies
3 Supply Chain	<ul style="list-style-type: none"> Increased landed cost Pricing pressure on supplier and value chain partners Supply disruption (raw, WIP, or finish goods) 	<ul style="list-style-type: none"> Network modeling and planning – examine all areas of supply source, manufacturing, and logistics, identifying alternative options for vulnerabilities (direct and indirect) and opportunities. Determine alternative strategies that may include changes in suppliers, manufacturing footprint, use of free trade zones, postponement strategies, product redesign, etc. Near-term vs. longer-term strategy – determine whether changes in the near-term impact long-term strategy and if no-regret actions are available, such as accelerating cost reduction levers and improving inventory strategies Partnership strategy – re-examine critical partners and their dependences with you, inclusive of their innovation and response options. Capitalize on opportunities to be better together, reassessing your make vs. buy decision and investment strategy as needed. Portfolio redesign / reformulation – reexamine product portfolio for opportunity to flex specifications to mitigate potential cost / supply disruption. Take advantage of the opportunity to update or even rationalize your portfolio to meet regulatory, consumer, or sustainability requirements.
4 Tax	<ul style="list-style-type: none"> Transfer pricing disruption Transaction and functional recharacterization Generate cash through tax operating model enhancements 	<ul style="list-style-type: none"> 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 on-going 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

Tariffs are likely to impact businesses in three main ways: increased costs, availability disruptions, and consumer volatility. Consumer Products companies must evaluate their supply chain strategies—encompassing sourcing, manufacturing, and distribution—to assess their exposure to cost increases and decide whether to absorb these costs, considering both immediate and long-term effects. Even if cost impacts are manageable, challenges may arise from sourcing relocations and production shifts, necessitating effective mitigation strategies. Transparent communication with value chain partners is vital to alleviate consumer fears about potential price increases and economic concerns. Utilizing data-driven insights and aligning supply chain, tax, customs, and financial strategies are critical to reducing risks and avoiding unexpected costs. Effective management of intercompany pricing can help address conflicting priorities of tax authorities and customs agencies, enabling businesses to navigate these complexities while maintaining stability and achieving an effective governance and compliance framework.

See also

- [PwC's US Tariff Industry Analysis: How Trump's tariffs could impact US companies](#)

Let's talk

PwC is utilizing 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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