



5 TAKEAWAYS FROM TRUMP'S SWEEPING RECIPROCAL TARIFFS PLAN - THE EPOCH TIMES

Posted on February 14, 2025 by Andrew Moran | The Epoch Times



Photo: Commerce Secretary nominee Howard Lutnick listens as President Donald Trump speaks after signing an executive order in the Oval Office of the White House, Thursday, Feb. 13, 2025, in Washington. (AP Photo/Ben Curtis)

President Donald Trump has announced sweeping reciprocal tariffs on all U.S. trading partners “for purposes of fairness.”

Speaking from the Oval Office on Feb. 13, the president confirmed that he will implement a matching tariff on whatever amount countries charge the United States.

“It works out very well,” Trump told reporters. “It’s a beautiful, simple system, and we don’t have to worry about charging too much or too little.”

The tariffs could go into effect as early as April 2 following the completion of a study, Howard Lutnick, Trump’s nominee for secretary of the Department of Commerce, said while speaking alongside the president in the Oval Office.

Here are five key takeaways from Trump’s latest tariff plan.

Countries Affected the Most

Reciprocal tariffs are more likely to affect emerging market economies—Brazil, India, Vietnam, and several Southeast Asian and African nations—as many of these countries currently maintain wider tariff gaps.

World Bank [data](#) from 2022 indicate, for example, that India’s weighted average effective tariff rate on the United States was about 9.5 percent. The average U.S. tariff rate on India’s products entering the country is about 3 percent.

“Traditionally, India is right at the top of the pack,” Trump told reporters, noting that the United States cannot sell Harley-Davidson products in India because tariffs are high.

He made the comments before his meeting with Indian Prime Minister Narendra Modi at the Oval Office on Feb. 13.

“They charge more tariffs than any other country,” Trump said. “We’ll be talking about that.”

The president also singled out Taiwan, saying all chip production had moved to Taiwan from the United States and that he wanted to bring manufacturing back to the country.



In 2023, Taiwan's overall average nominal tariff rate for imported goods was 6.34 percent, ranging between 4.13 percent for industrial products and 15.06 percent for agricultural products.

"U.S. industry continues to request that Taiwan lower tariffs on imports of many products," the International Trade Administration stated in a January 2024 [report](#).

'BRICS Is Dead'

Trump warned that BRICS nations may face 100 percent tariffs.

Over the past few years, BRICS—a group of emerging markets led by Brazil, Russia, India, China, and South Africa—has championed anti-U.S. dollar initiatives, including settling bilateral trade in local currencies.

On Feb. 13, Trump declared that "BRICS is dead."

The president has repeatedly vowed to tariff countries if they engage in de-dollarization efforts. And shortly after the November 2024 election, he threatened to impose tariffs on BRICS nations that tried to replace the U.S. dollar as a reserve currency.

He told reporters that BRICS was established "for a bad purpose" but that now the members refrain from discussing the anti-dollar bloc.

"They're afraid to talk about it because I told them, if they want to play games with the dollar, then they're going to be hit with a 100 percent tariff," Trump said.

"We have them over a barrel."

However, some observers said they believe that Trump's tariff strategy may push other nations to diversify from the dollar.

"I think that the countries who are the subject of tariffs and potential punitive tariffs will try to diversify out of dollars and into another asset in terms of their reserve currency," Chris Mancini, a portfolio manager at the Gabelli Gold Fund, wrote in a recent note.

Trump Singles Out EU's VAT

The administration's reciprocal tariffs also target the European Union's value-added tax (VAT), a consumption tax applied to each stage of the production and distribution process on all domestic and imported goods and services purchased and sold in the trade bloc.

A VAT differs from a sales tax because the latter is charged at the point of sale.

With the EU's average standard VAT rate at 21.8 percent, the White House stated that tariff rates on U.S. exports entering the region are nearly triple that.

Lutnick called it an "export subsidy" because the EU will drop the VAT when it sells to the United States.

"So we are going to address each country one by one, but here's the key: They'll get an invitation to trade with the greatest consumer economy in the world," Lutnick told reporters.

"In exchange for trading with the greatest consumer economy in the world, you have to treat us the way we're going to treat you."

U.S. cars shipped to the EU are subject to a 10 percent tariff. In contrast, European cars entering the United States face a 2.5 percent levy.

If the VAT is taken into consideration, the countries that will see a jump in U.S. tariffs will be India, Argentina, South Africa, and the European countries, according to a Deutsche Bank analysis.



Products Affected the Most

A wide array of products could be affected by the administration's "Fair and Reciprocal Plan."

The White House provided examples of where the United States could impose reciprocal tariffs.

"The European Union can export all the shellfish it wants to America," a [fact sheet](#) reads. "But the EU bans shellfish exports from 48 of our states, despite committing in 2020 to expedite approvals for shellfish exports. As a result, in 2023, the U.S. imported \$274 million in shellfish from the EU but exported only \$38 million."

Brazil's ethanol exports are tariffed at 2.5 percent, but the South American country tariffs U.S. ethanol exports at 18 percent. Last year, the United States imported more than \$200 million in ethanol from Brazil, while the world's largest economy exported \$52 million in ethanol to Brazil.

Pharmaceuticals and semiconductors could also be affected by the latest initiative, Trump said.

According to Trump, Taiwan took U.S. chip businesses, and China has taken U.S. pharmaceutical manufacturing.

"We want it back in the United States," he told reporters. "If they don't bring it back, we're not going to be very happy."

Pharmaceutical products have been the top U.S. [import](#) from the EU in recent years, totaling more than \$90 billion in 2022. As a result, these tariffs could significantly affect the drug and medical sector, which includes weight-loss medications and surgical instruments.

'Prices Will Stay the Same or Go Down'

A chorus of economists has stated that the president's tariff plans could reignite price pressures. Trump said he disagrees, telling reporters that his levies have little effect on inflation.

"Prices could go up somewhat short term, but prices will also go down," he said. "So Americans should prepare for some short-term pain."

"Ultimately, prices will stay the same or go down."

While he said he believes that there could be some "short-term disturbance," the president said the United States will benefit in the long term.

Trump said he believes that these tariff policies will create more employment in the United States.

"We know that jobs are going to be produced at levels that we haven't seen before," Trump said.

The president also projected that his economic agenda would help bring interest rates down.

Last month, the Federal Reserve kept interest rates unchanged, and the latest inflation reports have prompted investors to rethink their monetary policy expectations. The futures market is penciling the next quarter-point interest rate for September.

Fed Chair Jerome Powell, who testified before Congress this week, indicated that the institution is not hurrying to lower interest rates until there is progress on inflation.



The president called for lower rates in a Feb. 12 Truth Social [post](#).

“Interest rates should be lowered, something which would go hand in hand with upcoming tariffs!” Trump [wrote](#) on his social media account. “Let’s rock and roll, America!”

When questioned about the revenue generated by the administration’s tariffs, Trump said that it would be “a staggering amount.”

According to the Committee for a Responsible Federal Budget, an independent policy organization, Trump’s 25 percent tariffs on Canada and Mexico and 10 percent levy on China could [generate](#) approximately \$1.3 trillion in revenues over the next 10 years.

Photo: Federal Reserve Chairman Jerome Powell testifies before the House Committee on Monetary Policy in Washington on Feb. 12, 2025. Madalina Vasiliu/The Epoch Times