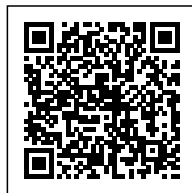




THE TOMATO TARIFF TAX - INSIDE SOURCES

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There are many unintended consequences of tariffs. One may be that consumers will have to pay higher prices at the grocery store for, of all things, tomatoes.

While President Trump is trying to leverage better trade deals, it would be folly for him to listen to protectionist voices in his administration who want to shield America from any foreign commerce.

For example, consider a trade war involving tomatoes as an example of tariffs affecting the increased prices Americans see when purchasing groceries. [Agriculture Dive](#) published an opinion article by Skip Hulett, vice president for NatureSweet, in February 2024. In that article discussing an effort targeting tomatoes for special tariff treatment, Hulett wrote, "A trade group called the Florida Tomato Exchange ... is attempting to impose an unnecessary new tariff of nearly 21 percent on all tomato imports that will increase prices, hurt our economy and eliminate jobs."

Hulett calls this the "Florida tomato tax" because it was being pushed as a protectionist measure to favor Florida-grown tomatoes. He projects that the cost would have been a 50 percent hike in tomato prices if the 2019 Tomato Suspension Agreement between Mexico and the United States was abandoned. That threat was avoided when an agreement was struck.

Now, importers of tomatoes and other produce are facing a new challenge. The 25 percent tariffs announced on Mexico and Canada, which were initially scheduled for early March, have been delayed. If implemented, the tariff will hike prices for imported vegetables and fruits. [CNN](#) reported on March 9, "President Donald Trump said tariffs on some goods from Canada and Mexico planned for April 2 'could go up'" and "reciprocal tariffs would go into effect on April 2 and the one-month reprieve granted to Mexico and Canada was a 'little bit of a break.'"

If the president is considering expanding exemptions for certain imports, there should be one for fruits and vegetables.

The goal of threatened tariffs should be to leverage free-trade agreements that reduce the tariffs and other trade-distorting protectionist measures foreign nations use to wall off their economy to American products.

Yet, sometimes, they have the opposite effect. Bryan Riley of the National Taxpayers Union wrote at [Real Clear Policy](#), "One of the reasons tariffs are worse than other types of taxes is that they are a double tax. U.S. tariffs inevitably lead to foreign retaliation against American exporters, so goods get hit coming and going."

The effect of an extended trade war will have the opposite effect of protecting American consumers if it results in more protectionist policies from trade partners.

Trump seems to be using the threats of tariffs to force Mexico and Canada to take the issue of foreign-sourced fentanyl killing Americans more seriously. Clearly, Mexico can do a better job of policing its side of the border and cracking down on those who use the border to smuggle in drugs. That is an important issue, and the president is correct to take measures to stop illicit drug imports, but taxing produce seems to be misguided. All it will do is increase the prices Americans pay for food.

Hiking grocery prices on Americans is a political mistake. Many of the voters who sent Trump into office were upset by the inflation of grocery prices. [CNN](#) reported on November 14, "Americans are shelling out 22 percent more for groceries compared to when President Joe Biden took office in January 2021, according to October Consumer Price Index inflation data," causing Americans to be "enraged at how much it's costing them to feed themselves."

This concern led to voters taking "those feelings with them to the ballot box, where they delivered ... Trump an overwhelming victory."

A tariff tax will hike grocery prices and enrage the voters who put Trump in the White House.

As a policy matter, hiking prices on the produce that Americans rely on when feeding their families will collect more revenue for the government off the backs of American families. Tariffs are taxes collected by the federal government from importers that are passed on to consumers with higher prices. Targeting products sold at the grocery store will lead to stagnation and less disposable income for Americans.

An exemption for fruits and vegetables should be part of any discussion on hiking tariffs on Mexico and Canada. Americans should eat more, not less, vegetables and fruits. A tariff tax hike deterrent may alienate many voters who worry about being able to afford the next big grocery bill.