

What Are the Costs of a 5% Mexico Tariff?

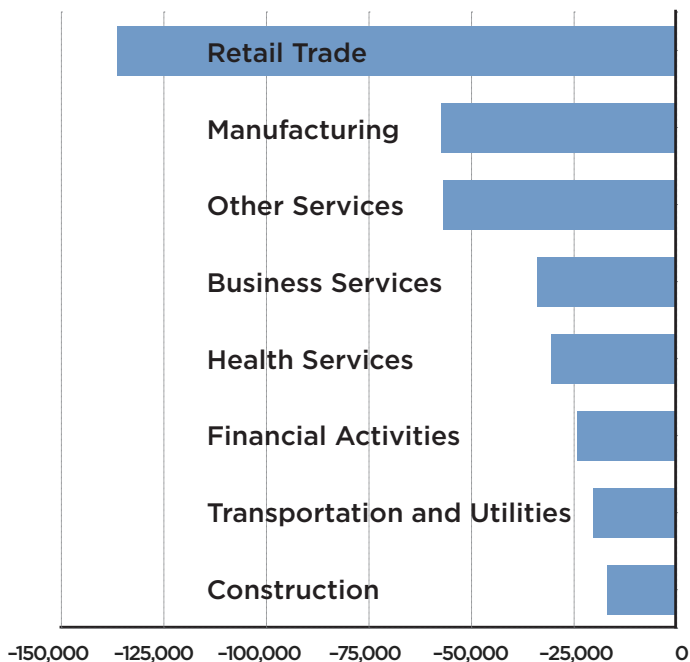
President Donald Trump is poised to impose tariffs on products imported from Mexico. Starting on June 10, without a deal, the United States will place a 5 percent tariff on all Mexican products, with the potential to escalate by 5 percent each month until October, reaching up to a maximum of 25 percent.

Since 1994, the US and Mexico have built strong economic ties, making the North American economies more integrated and competitive. What are the potential effects at state and national levels?

National Jobs Cost

At a 5 percent level, the overall job loss would be about **406,000 US jobs.**¹

JOB LOSS BY INDUSTRY



Cost for Consumers

A 5 percent tariff would cost consumers nearly **\$28 billion** each year.²

Impact on the Auto Industry

The average vehicle price increase to consumers could be up to **\$1,300** if tariffs reach the 25 percent level.³

The US imports almost **\$40 billion** in vehicles from Mexico every year. A 5 percent tariff would cost American consumers an additional **\$2 billion**.

FOOTNOTES

1. Perryman Group, <https://www.perrymangroup.com/media/uploads/reports/perryman-the-economic-cost-of-proposed-5-tariffs-on-imports-from-mexico-06-2019.pdf>
2. See Perryman Group report: <https://www.perrymangroup.com/media/uploads/reports/perryman-the-economic-cost-of-proposed-5-tariffs-on-imports-from-mexico-06-2019.pdf>
3. Deutsche Bank data, cited in Daniel Moritz Rabson, "Trump's Mexico Tariffs Could Raise Average Vehicle Prices \$1,300; Deutsche Bank," Newsweek, May 31, 2019, <https://www.newsweek.com/trump-mexico-tariffs-trade-war-cost-1440938>
4. Jeff Daniels, CNBC, "Trump tariffs on Mexican goods could cost Texas and California thousands of jobs, a new study says," June 3, 2019, <https://www.cnbc.com/2019/06/03/trump-tariffs-on-mexico-could-cost-us-more-than-400000-jobs-study.html>
5. All data points from: the US Chamber of Commerce, "Analysis on the State by State Impact of New Tariffs on Mexico," May 31, 2019, <https://www.uschamber.com/press-release/analysis-the-state-state-impact-of-new-tariffs-mexico>
6. All data points from: the US Chamber of Commerce, "Analysis on the State by State Impact of New Tariffs on Mexico," May 31, 2019, available at: <https://www.uschamber.com/press-release/analysis-the-state-state-impact-of-new-tariffs-mexico>
7. The Economic Cost of Proposed 5% Tariff on Imports From Mexico, June 2019, <https://www.perrymangroup.com/media/uploads/reports/perryman-the-economic-cost-of-proposed-5-tariffs-on-imports-from-mexico-06-2019.pdf>

Costs per State

Trade between the US and Mexico is not limited to border states. Michigan, Texas, and California have the largest commercial relationship with Mexico and would be the most affected if tariffs are imposed. Illinois, Ohio, and Arizona are also particularly vulnerable.

2018 Imports almost \$350 billion

CALIFORNIA

In 2018, California imported \$44 billion worth of goods from Mexico. A 5 percent tariff would cost consumers in California an additional **\$2 billion** for these products. California could also lose nearly **50,000 jobs**.⁴

MICHIGAN

In 2018, Michigan imported \$56 billion worth of goods from Mexico. A 5 percent tariff would cost consumers in Michigan nearly **\$3 billion** for these products.

OHIO

In 2018, Ohio imported nearly \$9 billion worth of goods from Mexico. A 5 percent tariff would cost consumers in Ohio an additional **\$450 million** for these products.

ILLINOIS

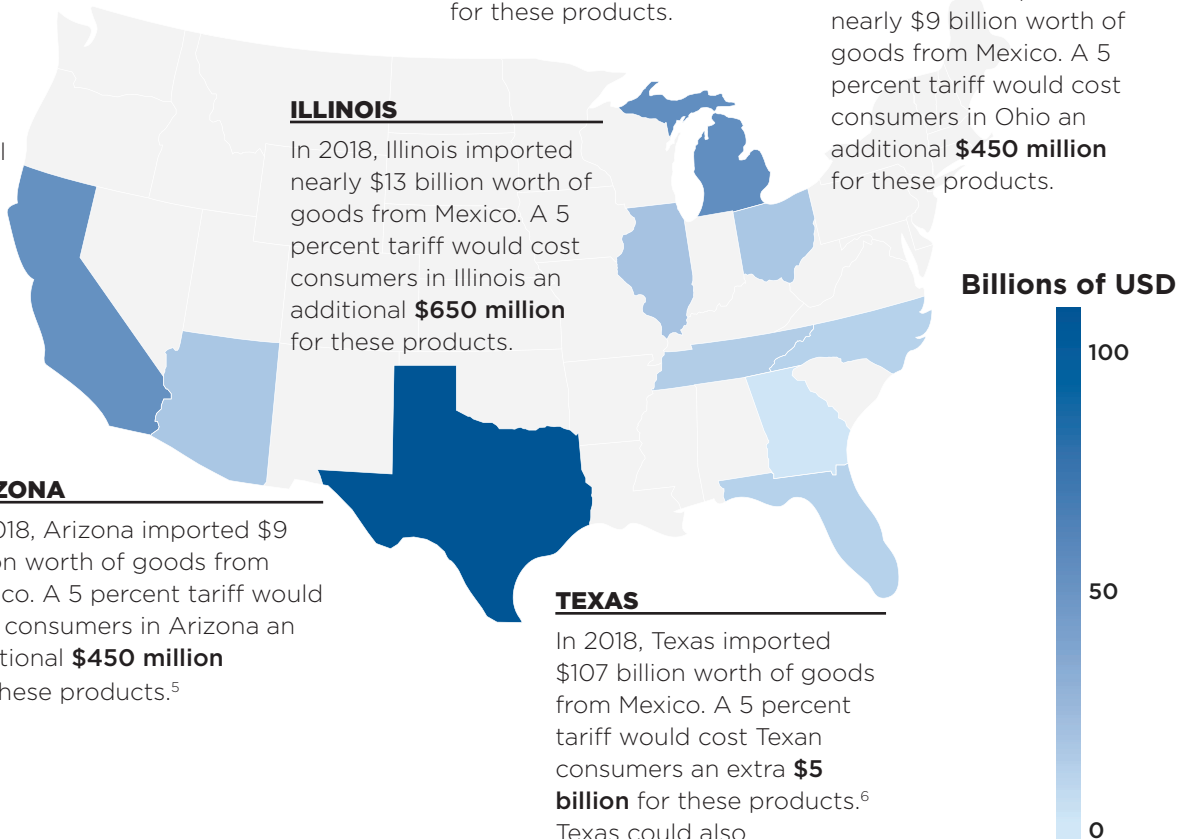
In 2018, Illinois imported nearly \$13 billion worth of goods from Mexico. A 5 percent tariff would cost consumers in Illinois an additional **\$650 million** for these products.

ARIZONA

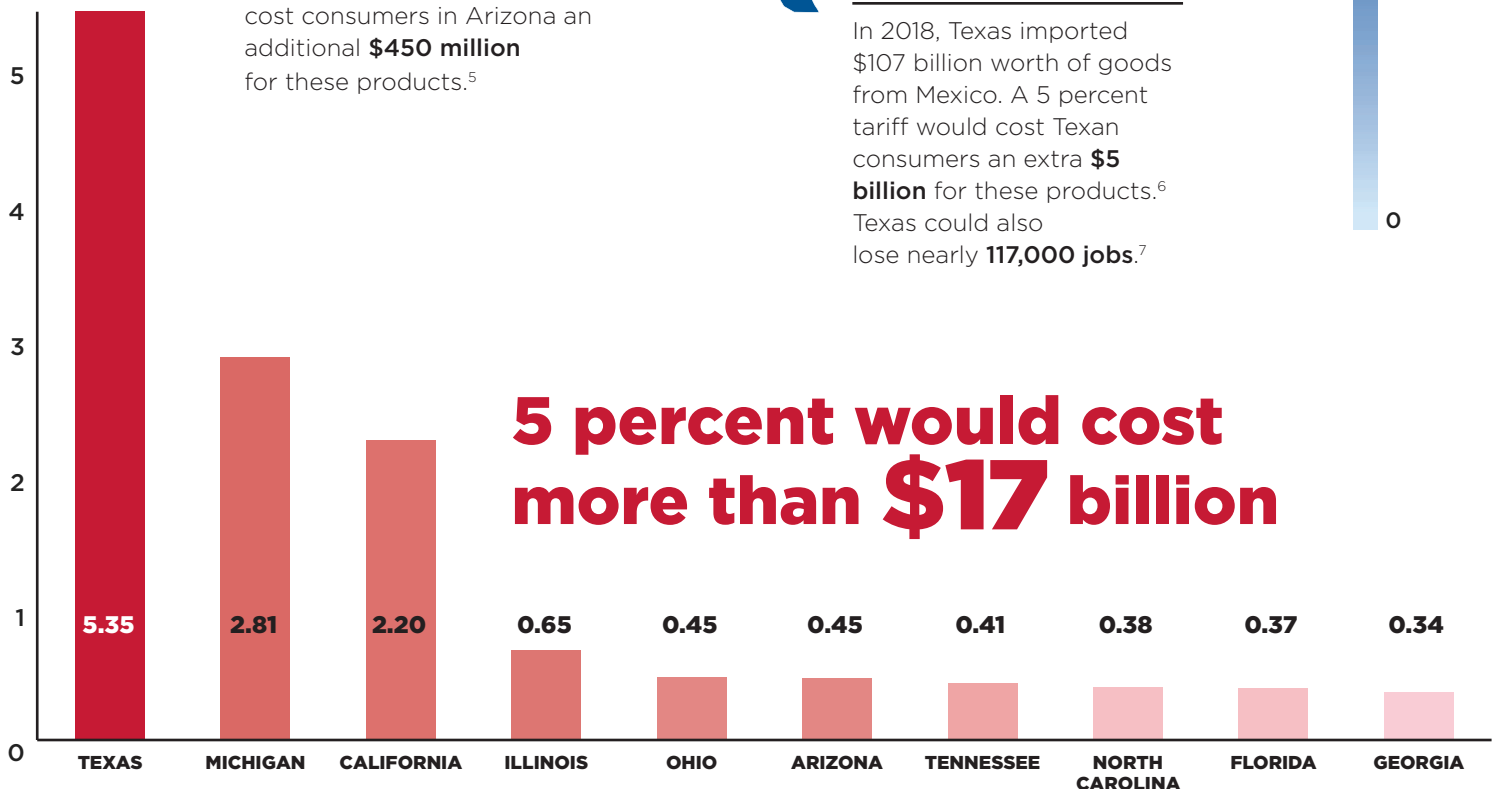
In 2018, Arizona imported \$9 billion worth of goods from Mexico. A 5 percent tariff would cost consumers in Arizona an additional **\$450 million** for these products.⁵

TEXAS

In 2018, Texas imported \$107 billion worth of goods from Mexico. A 5 percent tariff would cost Texan consumers an extra **\$5 billion** for these products.⁶ Texas could also lose nearly **117,000 jobs**.⁷



Billions of USD



5 percent would cost more than **\$17 billion**