5 Harmful Economic Impacts of Tariffs on Canada and Mexico

1. **Imports and Exports:** According to the Canadian Consulate General in Detroit, in 2023, Michigan **imported $46 billion** in goods from Canada and **$69 billion** from Mexico – much of it automotive related. A 25% tariff on these goods would represent a significant price increase for both everyday consumers and the companies that do so much business with Canada and Mexico. With 43% of total exports from Michigan going to Canada, and another 23% to Mexico, Michigan is incredibly vulnerable to retaliatory tariffs in response to those on Canadian and Mexican goods coming here.

2. **Job Losses:** A recent study by the Center for Automotive Research (CAR) estimated that tariffs on auto parts and materials could lead to the **loss of up to 366,900 U.S. automotive-related jobs**, with Michigan being one of the hardest-hit states due to its dependence on manufacturing.

3. **Increasing Sticker Shock:** The average price of a new vehicle in the U.S. is $49,000. This represents a 39% increase in price since 2019, in part due to past tariffs on steel, aluminum, and Chinese imports. According to the Anderson Economic Group, tariffs could **add another $9,000** to the cost of some full-size SUVs.

4. **Raising the Cost of Crossing the Border:** According to the Canadian Chamber of Commerce, auto parts cross North American borders **up to eight times** before final assembly. If a 25% tariff is applied at every crossing, the costs will spike at every stage of vehicle production and assembly.

5. **Declining Consumer Confidence:** According to the University of Michigan's Consumer Sentiment Index, **consumer confidence fell to 64.7** in February 2025, sliding nearly 10% from January, and reaching the lowest level since November 2022. The decline reflects growing consumer concerns about inflation and the potential for a long, costly trade war under President Trump.