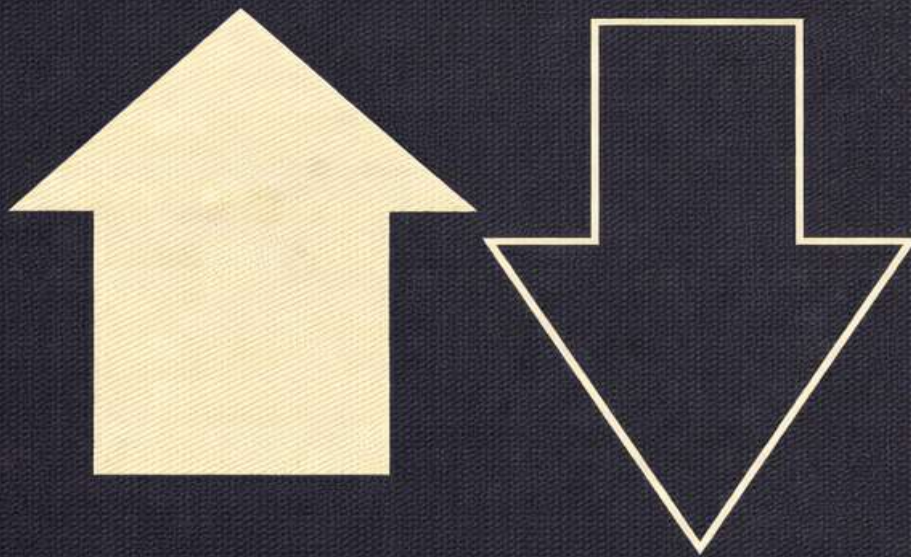


# **Liberation Day One-Year-On**



**The Impact of U.S. Tariffs**

# Liberation Day: One-Year-On

## INTRODUCTION AND OVERVIEW

On April 2, 2025, US President Donald Trump declared a national emergency due to long-standing trade imbalances which, he asserted, had unfairly and negatively impacted the US. His formal declaration was paired with a televised appearance where he stated - "For decades, our country has been looted, pillaged, raped and plundered by nations near and far, both friend and foe alike. American steel workers, auto



workers, farmers and skilled craftsmen — we have a lot of them here with us today — they really suffered gravely." His reaction to this perceived emergency was to implement 10% minimum tariffs to goods imported from all countries, and higher tariffs on many other countries, including adversary states like China and allies like Japan and the

European Union. Although the authority to make tariffs is specifically granted to the Legislative, not Executive, branch of the US government, Trump used the International Emergency Economic Powers Act (IEEPA) to implement these. He called this date - the announcement of the most tariffs imposed by the US since the Smoot- Hawley Act of 1930 - Liberation Day.

The Liberation Day White House announcement did not have a definition for success or a timeline for completion or resolution, and the stated objectives were vague - "...Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits..." - increasing domestic manufacturing, as well as various punitive measures against countries Canada and Mexico for alleged laxity on immigration and drug smuggling enforcement.

An explanatory release posted April 11, 2025, titled "The State of Play: Why President Trump's Tariffs Are Necessary" listed statistics about consistent declines in manufacturing, low wage jobs, and subsequent increases in crime and drug abuse in small towns, and went on to say "The loss of American industry means we struggle to build ships, medicine, and other essential goods. This is a national security emergency. Fortunately, we are already seeing progress in reshoring American industry. President Trump remains undeterred in his mission to Make America Wealthy Again." It went on to list several proposed, promised, or hoped-for returns and onshoring of manufacturing and other business, some with actual numbers and an expected number of jobs to be created.

One week after the Liberation Day announcement, Trump declared a 90 day pause in its execution, and over the following year, the tariffs were applied in widely-varying amounts and in other fits and starts, at times overtly due to Trump's whims and moods.

Just over 10 months later, on Feb. 20, 2026, the Supreme Court of the United States ruled that Trump had violated federal law when he unilaterally imposed the tariffs under IEEPA.

This report analyzes this Declaration’s broad impacts on US and international business and geopolitics in the year after Liberation Day, specifically before the Supreme Court ruling.

## WHERE THE TARRIFFS BEGAN

Originally, 189 countries were impacted by the Liberation Day tariffs. Between the Liberation Day announcement and February 2026, tariffs for 59 of those countries declined, and increased for 17, and defaulted to their pre-Liberation Day baseline for 112. The US announced 13 trade deals over those months (although as they were done under the IEEPA, their legality is in question as of this writing). Belarus, Cuba, Russia, and North Korea were already under sanction and thus not further impacted by the Liberation Day declaration. Lesotho had the highest original tariffs, 50%, and was afforded the largest decrease, down to 15%, between Liberation Day and the Supreme Court ruling.

### Pre-post Liberation Day Tariffs - Trade Deal Adjusted

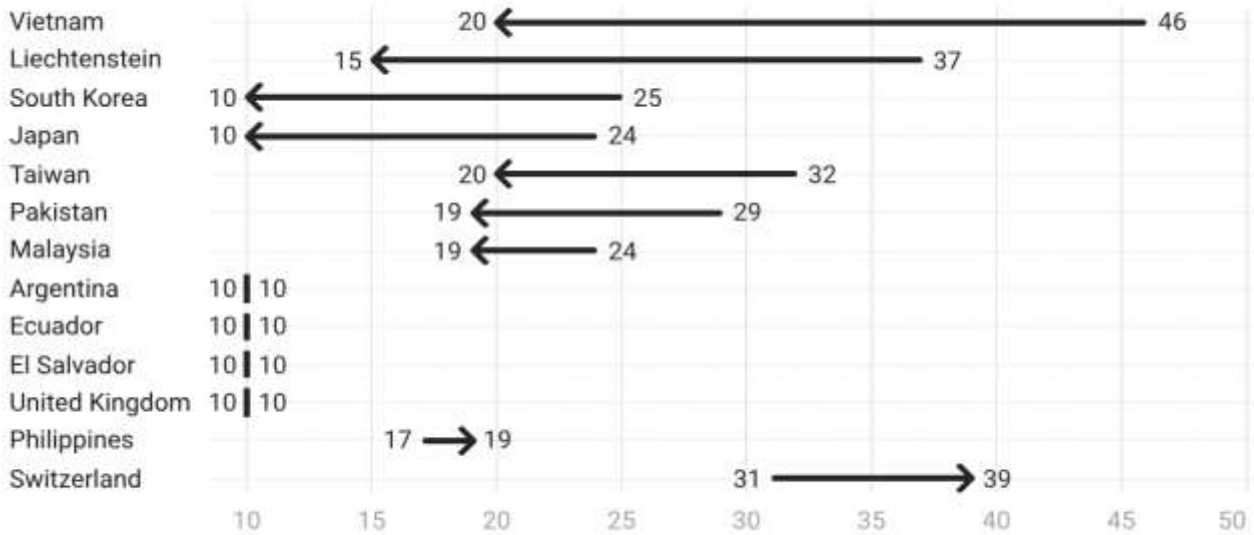


Chart: Insight Forward • Created with Datawrapper

Similarly, several specific sectors have also been targeted with tariffs.

Product / Sector	Measure (Rate + Timing)	Business Impact
Steel & Derivative Products	50% global tariff; 25% UK; 200% Russia. Effective March 2025; expanded August 2025	Broad manufacturing exposure. Expansion into consumer goods (appliances) pulls retailers and importers into scope. Russia effectively excluded.
Aluminum & Derivative Products	50% global tariff; 25% UK; 200% Russia. Effective March 2025; expanded August 2025	Impacts construction, packaging, automotive, and aerospace. Russia effectively removed from supply chains.
Automobiles	25% standard tariff; reduced formula rates for EU, Japan, South Korea. Effective April 2025	Direct consumer price impact. USMCA limits exposure to non-US content.
Automobile Parts	25% tariff; 10% UK; formula rates for EU, Japan, South Korea. Effective May 2025	Supply chain pressure across OEMs and suppliers. Scope expanding quarterly increases uncertainty.
Semiconductors & Manufacturing Equipment	25% tariff. Effective January 2026	Targets core chip infrastructure but exemptions limit immediate impact on data centres and R&D. Strategic signal more significant than direct cost.
Copper — Semi-finished & Derivatives	50% tariff. Effective August 2025	Raises input costs across construction, electronics, and EV supply chains.
Lumber — Softwood Timber	10% tariff. Effective October 2025	Adds pressure to housing and construction costs.
Lumber — Upholstered Furniture	25% rising to 30% by 2027. Effective October 2025	Retail and furniture import costs increase over time, driving pricing pressure.
Lumber — Kitchen Cabinets & Vanities	25% rising to 50% by 2027. Effective October 2025	Highest escalation. Significant impact on homebuilding and renovation economics.
Medium & Heavy-Duty Trucks, Buses & Parts	Trucks 25%; buses 10%; parts 25%. Effective November 2025	Raises logistics and fleet costs for freight and transit operators.

Product / Sector	Measure (Rate + Timing)	Business Impact
Ship-to-Shore Cranes & Intermodal Chassis	100% tariff (delayed to November 2026)	Effectively excludes Chinese suppliers from US port infrastructure. Strategic supply chain realignment required.

*Note - other sectors and industries, including pharmaceuticals, electronics for drone and cell-phone parts, and foreign-made moves were threatened but not implemented.*

## SUPREME COURT RULING OF FEBRUARY 20, 2026

Trump responded quickly to the ruling by imposing a 10% tariff on all imports, and then a day thereafter, increasing that to 15%, under a different law (which had until this time never been used). These would have to expire within 150 days and then must be voted on and approved by Congress, but they did ensure that uncertainty would continue to be a defining characteristic of the post-Liberation Day year.

Product-specific tariffs unimpacted by the Supreme Court ruling include aluminum and steel and their derivatives, copper, lumber, and automobiles and their associated parts, and trucks and busses. More details on this ruling can be found in the Insight Forward report [The Cost of Ambiguity Tariffs, Courts, and the U.S. Economy](#).

Step	Question	Outcome	Effective Rate
1	Is the country sanctioned / exempt?	Yes → No tariff applies	0%
2	Is it Canada or Mexico?	USMCA-qualified goods	0%
		Non-USMCA goods	10% (Section 122)
3	Is it a trade-deal country under review?	Yes → Interim treatment	10% (Section 122)
4	All other countries	Default case	10% (Section 122)
5	Does the product fall under Section 232?	Yes → Tariffs stack	+ Product-specific tariff

## GOALS AND OBJECTIVES - HOW IT STARTED

Trump’s Liberation Day objectives were broad and vague but can be parsed out from the declaration and follow-on communications as attempting to correct what he viewed as a history of unfairness in US trade practices by both increasing US manufacturing employment and adding revenue to the US treasury. As was noted at the time, tariffs either increase domestic production or add government revenue; they cannot simultaneously do both. Trump did specify that the additional tariffs on Canada and Mexico were

to “address a national emergency resulting from the flow of illicit drugs across our northern border” and to “address a national emergency resulting from the flow of illicit drugs and illegal migration.”

## How it went - Manufacturing

Increasing domestic manufacturing was the most touted rationale. How that objective was being reached nearly one year on was summed up in Wall Street Journal headlines in January and February, 2026 - [“U.S. Has Lost Manufacturing Jobs Every Month Since ‘Liberation Day’](#), and [“U.S. Manufacturing Is in Retreat and Trump’s Tariffs Aren’t Helping.”](#)

### United States - Manufacturing Employment

All employees, thousands, manufacturing, seasonally adjusted

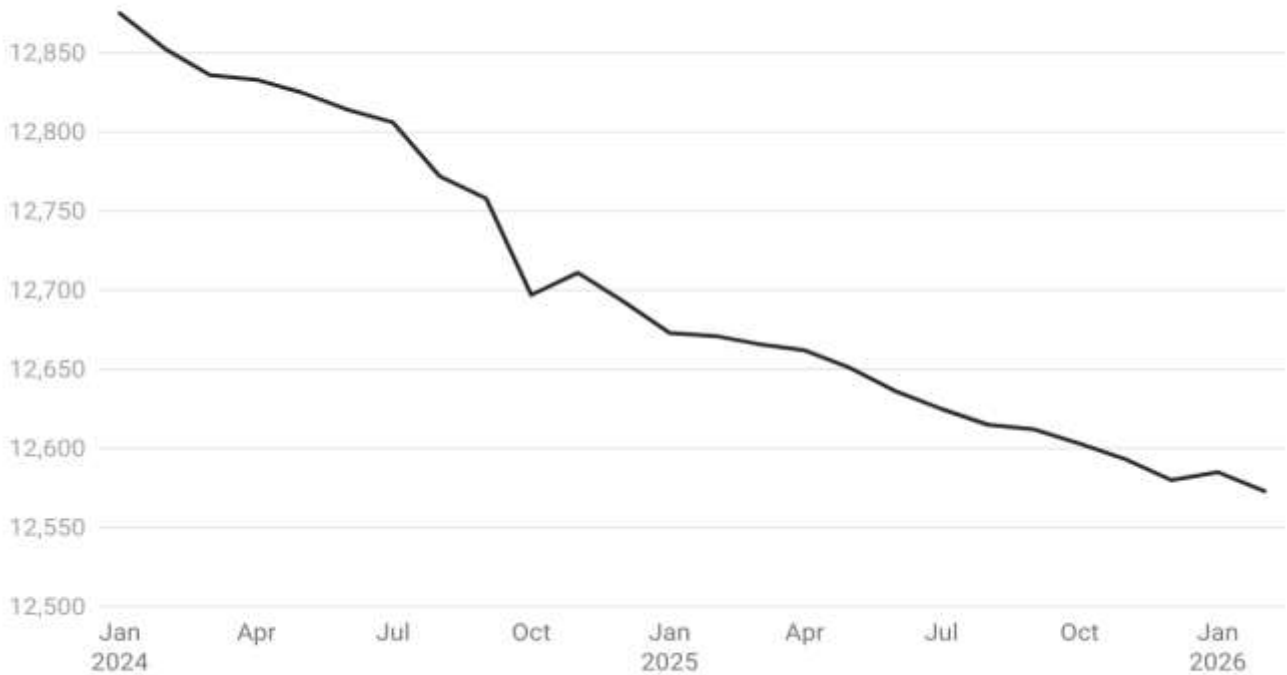


Chart: Insight Forward • Source: Bureau of Labor Statistics • Created with Datawrapper

## How it went - Revenue

US Government revenue increased. During 2025, the Government [accumulated \\$289 billion in tariff and excise tax revenue, compared to \\$98 billion in 2024.](#) That money, however, had come primarily from domestic business and consumers. An average tariff of [13%](#) had raised prices on imported goods 11%, and the [Tax Foundation](#) reported that each US household paid \$1000 on average due to the tariffs. The New York Fed released a similar [report](#) just before the Supreme Court ruling concluding that the majority of the tariffs thus far had been paid by US firms and consumers.

## How it went - Migrants and Drugs

The declaration's aim on these issues was to "address" them, apparently aiming to punish Canada and Mexico for their allowance of letting migrants and fentanyl cross from their countries into the US. Fentanyl seizures from Canada were and remain almost non-existent. For Mexico, seizures of that and other drugs are much higher, but trends as to their seizures since Liberation Day are mixed, or negative. Migrant encounters coming from Mexico were, as of Feb. 2026, at their lowest level since 1970, but that number is mostly attributable to factors besides the Liberation Day tariffs.

## TRENDS - LIBERATION DAY TO SUPREME COURT RULING

Trading partners, competitors, adversaries, allies, corporations and consumers in the US and globally all reacted in their own ways to the opportunities, challenges, and mandates Liberation Day manifested. A JP Morgan Report from Oct, 2025 looked back on the previous six months and concluded that despite the "confusion" and "gridlock" caused by the unpredictability of Trump's tariffs, market and business agility had been responsible for keeping the US economy relatively steady.

### US GDP

US Gross Domestic Product (GDP) fluctuated over the year, and was lower than was estimated for the last quarter of 2025.

### US Unemployment

Unemployment remained low and broadly stable, edging slightly higher compared with a year earlier but showing little month-to-month change.

### US CPI

The Consumer Price index increased by an average of 2.4 percent between Jan., 2025 and Jan. 2026, well below historic highs but above the Federal Reserve's goal.

### US Dollar Exchange Rate

A JP Morgan report from three weeks after Liberation Day asked "is this the downfall of the US Dollar?" By February, 2026, while the dollar had consistently weakened in relation to most other currencies, an Atlantic Council report stated that this did not necessarily mean it had lost its role as the dominant global currency.

## CEO Confidence

Chief executive confidence had fluctuated throughout the post-Liberation Day year, but increased “significantly” for the first quarter of 2026, “Risks associated with trade and tariffs and supply chains dissipated, while financial and economic risks rose, displacing legal and regulatory risks in the ranking. Most CEOs (71%) reported seeing higher costs as a result of tariff increases.” More CEO’s planned to pass these added costs on to consumers than to have their companies absorb them.

## US Consumer Confidence

US Consumer Confidence plummeted just after the Liberation Day announcement, but rebounded and continued less-severe fluctuations in the next 10 months. “Confidence ticked up in February after falling in January, as consumers’ pessimistic expectations for the future eased somewhat,” said Dana M Peterson, Chief Economist, The Conference Board. “Four of five components of the Index firmed. Nonetheless, the measure remained well below the four-year peak achieved in November 2024.”

A Brookings Institution report released just before the Supreme Court ruling questioned why Trump’s policy arbitrariness had not “tanked” the economy - as of that writing, “the unemployment rate is below 5%, GDP is expanding at a moderate pace, the stock market continues to rise, and inflation—while above the Fed’s 2% target—is far from the generational highs we saw in the wake of the pandemic.”, and offered four explanations for the anomaly. Those were that the shocks were overestimated, additional economic stimulus was keeping the economy stronger than would be expected, that economists simply did not understand what was happening, and that perhaps only 10 months in the tariffs and other measures were too new to have had their full impact.

## International Responses

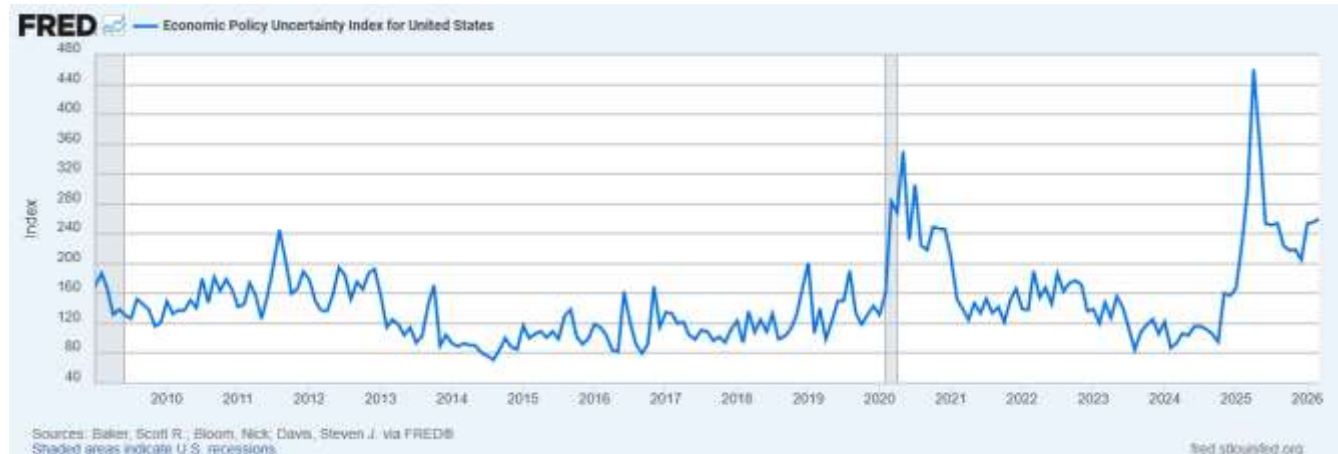
“Regardless of whether the United States remains indispensable to the global economy, international trade is still happening—and it is happening increasingly without the United States,” wrote James Bacchus for the libertarian-leaning CATO Institute in March, 2026. Its title - “World Trade without the US” - may be hyperbolic, but it described various alternative trade agreements made in response to the Liberation Day tariffs and the lack of certainty and confidence about Trump’s decisions. Long-time security and trading partners, such as Canada, were drawn to increase relations with China - US trading partner and security adversary - in part because of the tariffs. The Insight Forward report “The Cost of Ambiguity” detailed the tariff’s impact on trade deals and geopolitical relationships: “European and other partners have already signaled concern about unilateral U.S. duties and expect compliance with negotiated terms. European press coverage after the decision highlighted demands that the United States honor existing deals, highlighting a diplomatic risk where persistent tariff actions, whether temporary or routinized, undermine trust and leverage in subsequent negotiations and invite partner retaliation or insistence on stricter dispute settlement provisions. More broadly, if the administration substitutes other statutory authorities (e.g., section 301 investigations or national-security justification) to achieve similar

outcomes, partners will credibly view deals negotiated under tariff pressure as less durable, increasing the geopolitical cost of future cooperation on security, climate, or investment.”

This view reflects more than a response to just the tariffs.

## CONCLUSIONS

The Economic Policy Uncertainty Index peaked at its highest ever recorded in May 2025. It declined soon after but remained historically high until February 2026.



Source: [Economic Policy Uncertainty Index for United States \(USEPUINDXM\) | FRED | St. Louis Fed](#) Updated: Mar 31, 2026 8:02 AM CDT.

The February 2026 Supreme Court ruling did not end the perception the US government in this administration was an unreliable, arbitrary partner. Other factors - Trump administration decisions - followed soon after, which further increased uncertainty. The Feb. 28, 2026 US-Israel attack on Iran, and Iran’s reactions, added more uncertainty, and stressed global supply chains in ways the tariffs could not, causing declines in economic confidence and increases in prices potentially far greater than those caused by the tariffs.

At the one year anniversary of Liberation Day, differentiating and decoupling its impacts and consequences from other, simultaneous arbitrary and capricious decisions by the Trump administration is difficult, and possibly irrelevant. But the overriding trend of the post-Liberation Day year is a continued decline in trust - trust by US citizens in their government, trust in the US by other countries, and the decades-trend of declining trust in institutions in general.

Trump's economic decisions are certainly not solely to blame for this. Those, however, were combined, with other declarations and actions, like the revised National Security Strategy which militantly repudiated the post-World War II rules-based international order and was more belligerent to many decades-old US alliances than to obvious competitor and adversary nations. Agility and alternative arrangements by business, governments, and consumers helped lessen many anticipated negative impacts of Liberation Day, but that agility was only necessary because of the trust lost in the US

government's reliability. Trust cannot be surged is an oft-quoted military and business maxim, and that lost trust in the US government, and its institutions will be a lasting, perhaps the lasting, legacy of Liberation Day.

**Say Hello. Anytime.**

[info@insightforward.co.uk](mailto:info@insightforward.co.uk)

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