



## Trump Defers Tariff Payments for Struggling Businesses: A Good Start, More Needed

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President Trump has deferred selected tariff payments for companies experiencing coronavirus-related hardship. U.S. Customs issued a press release [here](#) and the temporary final rule appeared in the [April 22 Federal Register](#). It came after more than two weeks of starts, stops, denials, reversals, and at least one accusation of “fake news” from the president. This indicates that trade policy is still an area of uncertainty and not something rebuilding businesses can plan around—potentially endangering post-virus economic recovery.

The deferrals are better than nothing. But it is important not to oversell them. Here is a bit of context on the impact they are likely to have:

They are deferrals, not exemptions. U.S. producers will still pay all affected tariff duties, just 90 days later. Because of this, companies have no reason to reduce prices for consumers.

The deferrals are only for imports made in March and April—precisely when imports significantly slowed. That limits their usefulness in buying time for cash-strapped businesses.

None of the Trump tariffs from 2017 onwards are eligible for deferrals. Since Trump has roughly doubled tariffs, this means about half of all tariffs are not eligible for deferred payment. That includes the steel and aluminum tariffs, the China tariffs, and other recent measures against the European Union, Turkey, and India.

Antidumping and countervailing duties are also ineligible for deferred payments. These are the most common type of trade barrier, further limiting the deferrals’ impact.

Companies must be experiencing “significant financial hardship” to be eligible. This means a company must have lost at least 60 percent of its sales since this time in 2019.

The Cato Institute’s Dan Ikenson estimates the deferrals will total about \$6 billion. That is certainly enough to buy some time for some struggling businesses. For context, total customs duties in 2019 were \$85 billion. Total U.S. imports were \$3.43 trillion (in chained 2012 dollars; \$3.77 trillion in 2019 dollars). The most newsworthy part of these deferrals might be how newsworthy they aren’t.

The administration and Congress could do much better. A more wide-ranging trade relief measure would include Trump's newly enacted tariffs. It could even do away with them entirely.

Considering the hemming, hawing, and uncertainty that surrounded even this small deferral, Congress should give businesses some stability to plan around by taking back the tariff-making authority it delegated away to the president in the 1960s and 1970s. This would prevent further increases while insuring against ad hoc multibillion-dollar policy changes with little or no notice.

While better than nothing, this deferral is far less than what needs to be done to allow businesses to rebuild, save consumers money, and for supply networks to get medical equipment where it is most needed.

That said, the deferral has a subtle hidden benefit. It marks at least the second time the Trump administration has tacitly admitted that Americans, not foreign exporters, pay tariffs. The first admission happened last August when adviser Peter Navarro called a delay in upcoming new China tariffs "President Trump's Christmas present to the nation." More such presents would help protect public health right now while helping with economic rebuilding when the pandemic passes.