

# Tarifflation Report

## ILLINOIS



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FREE TRADE

## Impact Report for Illinois from Major New Tariffs

**\$19 BILLION**

Annual Increase in Tariffs

**SIXFOLD**

Increase in IL Tariffs from 2024

**SIXTH HIGHEST**

Tariffs in the Nation

On February 1, President Donald Trump issued three executive orders imposing steep tariffs on the United States' top trading partners: Canada, Mexico, and China. The administration invoked the International Emergency Economic Powers Act ("IEEPA") to levy across-the-board 25 percent tariffs on imports from Mexico, 25 percent tariffs on Canada except for energy products, which is taxed at 10 percent—and a 10 percent across-the-board tariff on China and Hong Kong. The tariffs on imports from China and Hong Kong took effect on February 4, while the Canada and Mexico tariffs were postponed. In February, President Trump also signed proclamations to impose 25 percent tariffs on steel and aluminum imports from all countries without exception. The tariffs, which are being imposed under Section 232 of the Trade Expansion Act of 1962, are scheduled to take effect on March 12.

On March 4, the tariffs on Canada and Mexico took effect and the tariff on China was raised an additional 10%, making 20% total new tariffs on China since Trump took office in January. On March 6, President Trump again postponed the tariffs on Canada and Mexico for products that comply with the U.S.-Mexico-Canada Agreement (USMCA) until April 2, but all other tariffs remain in place.

**There will be significant national economic implications with all these tariffs in effect. Based on 2024 data, the new rates could result in an estimated \$300 billion more in tariffs, or over \$824 million in extra taxes on U.S. importers per day.**

### Impacts for Illinois

For Illinois, the economic impact could be severe. Canada, Mexico, and China accounted for over half of the state's \$198 billion in total imports in 2024. Due to nearly universal duty-free treatment under USMCA, Illinois businesses paid \$80 million in tariffs on \$83 billion in imports from Mexico and Canada – or an effective tariff rate of just 0.10%. By contrast, Illinois companies paid \$2.7 billion in tariffs on imports from China – more than any other country – because tariffs averaged 11.3%. Additionally, Illinois imported \$5.1 billion of steel and aluminum products subject to tariff increases in 2024.

**Altogether, the new measures could cost Illinois an estimated \$19 billion annually. For context, the state paid only \$3.7 billion in total tariffs on all imports from all countries in 2024, meaning the new proposal could increase the total tariff burden more than sixfold. Illinois could face the sixth most new tariffs nationally.**



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### Tariffs on Steel & Aluminum

The new announced tariffs on steel and aluminum products could cost Illinois importers an additional \$1.1 billion annually. The additional steel and aluminum tariffs would most affect imports from Brazil, which account for over a quarter of imports subject to these tariffs and could face over \$300 million in tariffs annually.

### Tariffs on Canada (25%)

Tariffs on Canada would have the largest impact by far. In 2024, Illinois imported \$64 billion of goods from Canada, over 30% of Illinois' total imports and nearly \$40 billion more than any other trading partner. Illinois companies paid only \$51 million in tariffs on Canadian imports due to the USMCA and low or no "regular" tariffs on many products. The new 10% tariff on energy imports and 25% tariff on everything else would have added an estimated \$8.8 billion in new taxes based on 2024 data, or nearly \$25 million per day.

Crude oil, gold, metal articles, radioactive chemicals, and breads and pastries could face the most new tariffs. Despite the lower rate for energy, a 10% tariff on crude oil alone could add over \$4.5 billion in additional costs for Illinois importers, over half of the total tariff increase for Illinois. Notably, many of these products do not claim USMCA and therefore are currently facing new tariffs despite the delay.

| Product               | Import Value, 2024 | Tariffs Paid, 2024 | Potential New Tariffs |
|-----------------------|--------------------|--------------------|-----------------------|
| Crude oil             | \$45 billion       | \$37 million       | \$4.5 billion         |
| Gold                  | \$1.6 billion      | \$309,000          | \$401 million         |
| Metal articles        | \$1.2 billion      | \$1,300            | \$289 million         |
| Radioactive chemicals | \$845 million      | \$700              | \$211 million         |
| Breads & pastries     | \$780 million      | \$9,600            | \$195 million         |
| All other imports     | \$14 billion       | \$13 million       | \$3.2 billion         |



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### Tariffs on China (20%)

China is Illinois’ second-largest source of imports. The \$24 billion in goods purchases from China accounted for 12% of Illinois’ total imports in 2024. The new total 20% tariff, which is imposed on top of current most-favored nation and Section 301 tariffs, could cost Illinois businesses over \$4.8 billion in tariffs annually, or \$13 million per day.

Unlike Canada, many Illinois imports from China are finished consumer goods where retail prices paid by Illinois households could soon rise. Top imports from China include phones and other connected devices, computers, medicaments, video games, and toys. These everyday goods could now be subject to billions of dollars in annual new tariffs.

| Product                            | Import Value, 2024 | Tariffs Paid, 2024 | Potential New Tariffs |
|------------------------------------|--------------------|--------------------|-----------------------|
| Phones and other connected devices | \$4.0 billion      | \$133 million      | \$791 million         |
| Computers                          | \$2.0 billion      | \$10 million       | \$397 million         |
| Medicaments                        | \$996 million      | \$0                | \$199 million         |
| Video game consoles                | \$697 million      | \$3.4 million      | \$139 million         |
| Toys                               | \$553 million      | \$0                | \$111 million         |
| All other imports                  | \$16 billion       | \$2.6 billion      | \$3.2 billion         |



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### Tariffs on Mexico (25%)

Mexico was Illinois' third-largest source of imports in 2024. Total imports were approximately \$19 billion. Like Canada, the products face very few tariffs due to USMCA or other low or 0% tariffs, and the average tariff rate on Illinois' imports from Mexico was just 0.15%. That could change rapidly with the new 25 percent tariffs on Mexico, with potential new annual tariffs of \$4.8 billion, equating to \$13 million per day.

Illinois' top imports from Mexico include beer, vehicle parts, tractors, spirits, and alloy steel. Imports of beer accounted for over 30% of Mexican imports into Illinois in 2024 because Constellation Brand's Chicago-based beer division has the [exclusive right](#) to import Mexican beers like Corona, Modelo, and Pacifico. Since beer faces no tariffs regardless of the country of origin, it does not claim USMCA and therefore should be subject to the extra 25% tariffs despite the USMCA-related delay. Over half of the new tariffs on Mexico could be on beer imports into the state.

| Product           | Import Value, 2024 | Tariffs Paid, 2024 | Potential New Tariffs |
|-------------------|--------------------|--------------------|-----------------------|
| Beer              | \$5.8 billion      | \$0                | \$1.5 billion         |
| Vehicle parts     | \$813 million      | \$6.8 million      | \$203 million         |
| Tractors          | \$751 million      | \$4,600            | \$188 million         |
| Spirits           | \$749 million      | \$0                | \$187 million         |
| Alloy steel       | \$432 million      | \$0                | \$108 million         |
| All other imports | \$11 billion       | \$23 million       | \$2.6 billion         |



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### Overall Tariff Impact on Illinois Exports from Retaliation (Various levels)

In addition to driving up import costs, new tariffs place Illinois exporters at risk. Following the imposition of Section 232 steel and aluminum tariffs in 2018, China, the European Union, Canada, India, Turkey, and Mexico implemented retaliatory tariffs. The 2018 trade war highlighted goods are most vulnerable to retaliation, and similar countermeasures may be likely. Exporters—especially farmers who rely on international markets—likely would bear the brunt of these policies.

### Soybeans and Corn

China has already outlined the products it intends to target with retaliation, including 15% tariffs on U.S. wheat and corn and 10% tariffs on U.S. soybeans. China accounted for \$2.5 billion out of Illinois' \$4.6 billion in soybeans exports to the world in 2024 and \$265 million out of Illinois' \$3.2 billion in corn exports to the world. The 10-15% retaliatory tariffs could have significant impact on these exports to China. China retaliation may only be the beginning. Mexico has promised to retaliate against full-scale U.S. tariffs but has not published any product-specific lists yet. Illinois exported \$1.9 billion worth of corn to Mexico in 2024, and Illinois farmers could suffer even more if corn ends up on any Mexican retaliation list.

### Pork

In 2018, Mexico imposed retaliatory tariffs on about \$3 billion in U.S. exports, including pork. Illinois exports, valued at \$73 million in 2017, dropped each of the next three years to just \$26 million in 2020. Illinois' pork exports have never fully recovered, with 2024 exports of pork to Mexico \$51 million, or 30% below 2017 levels. Illinois farmers could once again bear the brunt of Mexican retaliation.

### Conclusion

Should all of President Trump's newly announced tariffs take effect, it would have major consequences on Illinois businesses with extensive trade relationships in all three countries and significant imports of steel and aluminum products. Already, Illinois companies are paying tens of millions of dollars per day – money that could be better spent investing in companies and workers or lowering prices for their customers.

TRADE PARTNERSHIP WORLDWIDE, LLC  
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Trade Partnership Worldwide, LLC (TPW), an international trade and economic research firm with a global outlook and reach through a network of international economists, prepared the above report. Report data are from TPW's State Tariff Tracker, a first-of-its-kind database that provides a comprehensive estimate of tariffs paid by state on all imports from all countries from U.S. Census Bureau and other U.S. government data. TPW's data on trade flows regularly appears in the Wall Street Journal, NY Times, Washington Post and major business publications.

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