

# TRUMP'S TARIFF PLANS WILL HIT THE US, THE EUROPEAN AND THE GERMAN ECONOMY HARD

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KOMMENTAR

Oktober 2024

Simulated with the National institute's  
Global Econometric Model (NiGEM)

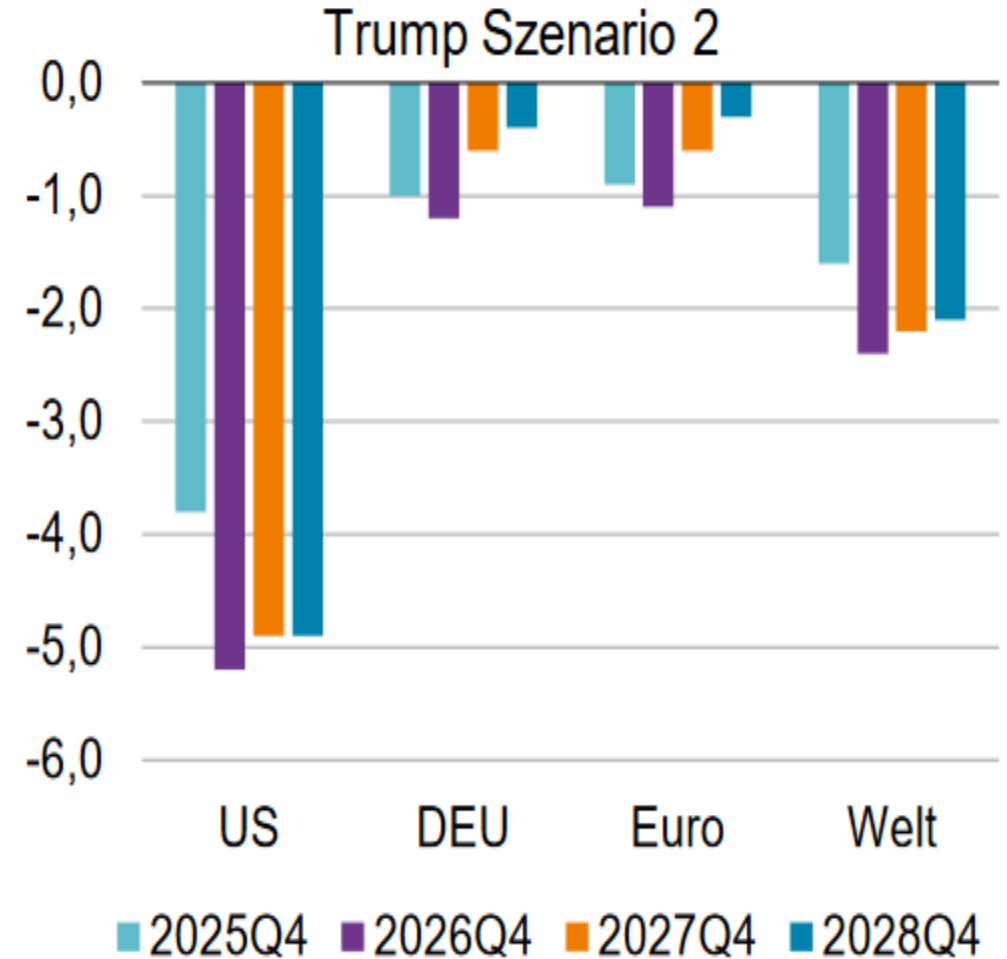
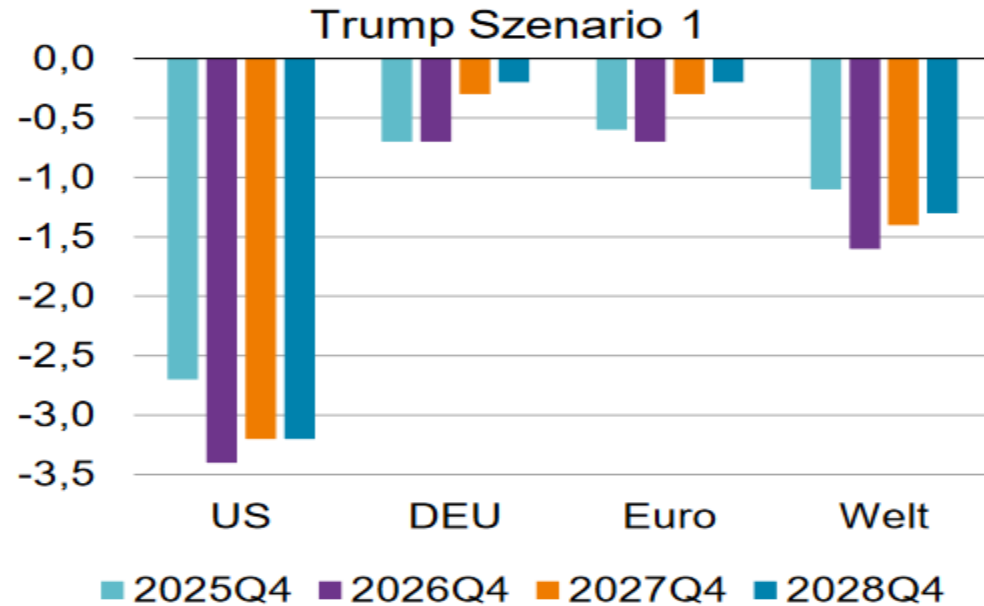
## Scenarios (other shocks consciously omitted)

*Trump1* imposes a tariff of **60 % on US imports** from **China** and **10% on all other** US imports from all

*Trump2* imposes a tariff of **60 % on US imports** from **China**, **15 % on all other** US imports and **retaliation** by China

In addition to the tariff (increase), also note the percentage of affected goods (and services?) in status quo.

# Simulation Results for Real GDP (in % relative to base)

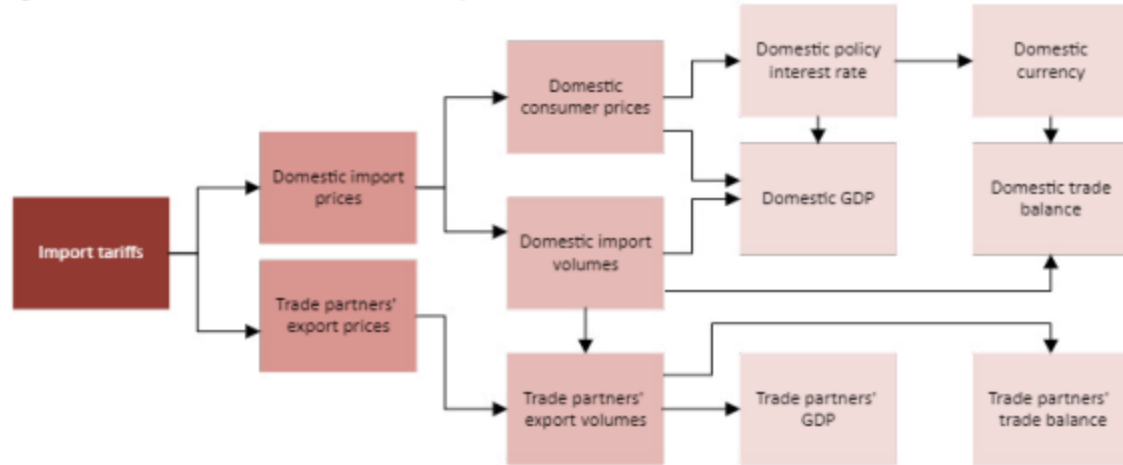


- computations for trading partners **very close to** the results of **other studies** (Obst et al. 2024, Zandi et al. 2024), while
- the results **for the US**, together with Bernard et al. (2024), represent the **upper edge** (model uncertainty)
- here **no simulation** of expansionary fiscal policy (**expected tax reductions**), additional **uncertainty** (erratic Trump policies) or a reduction in labor supply (**deportations**)

# Transmission & Assumptions

National Institute Global Economic Outlook – Autumn 2024

Figure TF5 Main transmissions of import tariffs in NiGEM

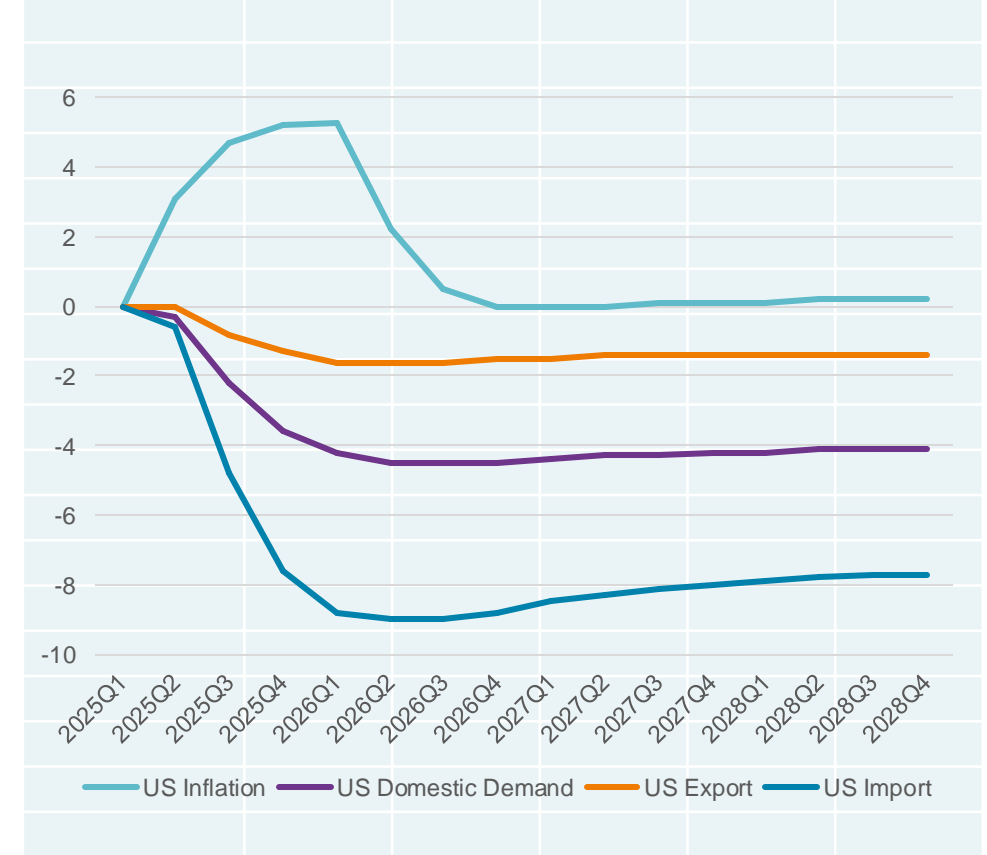


Source: Authors' illustration.

- timely introduction of tariffs expected and almost full impact on consumer prices estimated
- endogenous interest rate reaction by the Fed to counter inflation
- price and demand elasticity of imports (1.5 - 2) in NiGEM, i.e. modeled import substitution even relatively high

=> harmful effects dominate

Deviation from base in %-points inflation) or % (others)



Source: IMK computations using NiGEM.

# Vielen Dank für Ihre Aufmerksamkeit!

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## KONJUNKTURDATEN

**Eckdaten der gesamtwirtschaftlichen Entwicklung**

	2019	2020	2021	2022
Bruttoinlandsprodukt*	1,1%	-4,6%	2,6%	4,5%
Verbraucherpreise*	1,4%	0,5%	3,1%	2,6%
Arbeitslose (in 1 000)	2.267	2.695	2.615	2.325
Arbeitslosenquote	5,0%	5,9%	5,7%	5,1%

\* im Vergleich zum Vorjahr

Prognose

**IMK Konjunkturdaten**  
**AKTUELLE PROGNOSEN**

- Einkommensverteilung
- Konjunkturpolitik /prognose...

**IMK Konjunkturdaten**  
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Quelle: HBS

- Konjunkturpolitik /prognose
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**SYSTEM RELEVANT**

Seite 89

Service Aktuell

Systemrelevant Podcast  
**WOHER KOMMT DIE INFLATION?**

IMK-Direktor Sebastian Dullien erklärt die Herkunft der aktuellen Inflation und gibt einen Ausblick auf den möglichen Verlauf. Wird die Inflation so hoch bleiben?

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