

# The cost of a trade war

**Agriculture groups have warned for months that President Donald Trump's tariff plans could put U.S. farmers in the crosshairs of retaliatory tariffs.**

In February, when the president announced his intent to levy 25% tariffs on the nation's top three trading partners (Canada, Mexico and China), there was uneasiness about the impact on the nursery and greenhouse industry. More fundamentally, it appears that the president is attempting to completely rewrite the source code of international economic relations.

## Does this impact the industry?

Yes. Trade is about sales, relationships and the ability to provide much needed materials. In our case, we provide finished green goods from Oregon, and to do that, we import needed raw materials.

We have seen demand grow for field-grown trees and shrubs, but there have been mounting concerns over rising input costs. The cost of moving goods across the United States keeps going up. When we introduce uncertainty with our trading partners, it launches our industry into unfamiliar territory.

## How tariffs work

Tariffs are a tax typically paid by importers, but non-agricultural companies can pass that cost on to consumers in the form of higher prices.

While the administration claims that tariffs will not have inflationary consequences, a number of economists believe they will add to the costs of goods. A lot of the tariffed items aren't discretionary. They're not things people can just do without, such as food, energy, clothing and auto parts.

The theory behind higher tariffs is that more manufacturing will happen at home, creating more jobs for Americans.

In practice, however, that's hard to accomplish. In the end, manufacturers need raw materials from other countries and the costs of those inputs would rise in a trade war.

## Time is up

In February, President Trump issued a 30-day delay in implementing the tariffs on Canada and Mexico. The clock is up this month. The tariffs, as originally contemplated, would have had an estimated \$232.7 billion national impact, per economic research firm Trade Partnership Worldwide.

The impact would hit some states harder than others. The estimated economic impact on businesses in Texas (\$47.1 billion), California (\$32.6 billion) and Michigan (\$27.8 billion) is not inconsequential.

Businesses, ag stakeholders and economists all expect tariffs to hurt growth and raise prices. It is estimated that Oregon alone has \$3.5 billion in trade exposure between Canada, Mexico and China. This is a source of concern.

According to Axios, Canada is a major source of fertilizer material imported by the U.S. This means farmers will be immediately impacted by Trump's plans, as well as by any retaliatory tariffs the Canadian government imposes. New tariffs on Canada and Mexico could raise gasoline and home heating costs in places, even though 10% Canadian energy tariffs are lower than the 25% applied to other goods. Canada is by far the largest source of crude oil and natural gas imported by the U.S.

While much of my attention over the past month has been to the Canadian and Mexican markets, one country that is a month in on their growing trade war is China. Beijing will adopt 15% tariffs on U.S. coal and liquefied natural gas as well as a 10% tariff on crude oil, agricultural machinery, and certain cars and pickup trucks, according to the Ministry of Finance. Plows, seeders, planters, tractors and combines are among the machinery targeted.

## Oregon is an export state

I have directly spoken to Oregon Department of Agriculture Director Lisa Charpillon Hanson about the potential impacts of retaliatory tariffs.

In general, Oregon agriculture is primarily an exporting industry. Our primary concern isn't just the tariffs being imposed, but the retaliatory tariffs from



Jeff Stone  
OAN EXECUTIVE DIRECTOR

affected countries, which could significantly impact Oregon's agricultural exports.

Canada, in particular, is deeply embedded in our supply chain, and trade uncertainty leads to disruptions. Many Oregon-grown commodities, such as onions and potatoes, move through Canada for processing before returning to the U.S. Changes in trade policies can cause significant ripple effects across these industries.

Agricultural businesses operate on thin margins, and when our products become less competitive due to tariffs, the loss of market diversity can have long-term consequences for Oregon's growers, processors, and rural communities.

## What is OAN doing?

The good news is that despite the political football happening on trade, relationships remain cordial with our partners in Canada and on the national level.

My good friend, Victor Santacruz, executive director of the Canadian Nursery Landscape Association (CNLA), wants to work with Oregon and the United States to maintain a strong and productive relationship.

The AmericanHort advocacy team have been our boots on the ground engaging the Trump Administration in Washington, D.C. Here at home, I spend time engaging with our congressional delegation, who wish to see our industry prosper in the future.

OAN leadership will be in D.C. in March, and trade will be a priority for us. Relationships and trust will get us through challenging economic times and disruptions over trade. ☺