

RETAIL

Additional tariffs cause an uncertain future for US retail

May 31, 2019



BMW is one of many automakers who have factories in Mexico. Image credit: BMW

By STAFF REPORTS

The retail landscape in the United States continues to be uncertain, as President Donald Trump announces tariffs on Mexico.

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Announced late May 30, a 5 percent tariff policy is being threatened on Mexico if the country does not get a handle on illegal immigration to the U.S. President Trump issued a deadline of June 10 through Twitter.

Tariffs on Mexico

Many outlets reported that the Dow Jones fell more than 300 points after the Mexico tariff announcement.

Trump's administration explained that following the June 10 deadline, the tariffs will rise to 15 percent Aug. 1 and an additional 5 percent for every following month until Mexico prohibits the illegal immigration problem.

However, it is likely that these tariffs will only cost the American consumer more money.

Others say that this puts American jobs in jeopardy, as many U.S. companies rely on trade with Mexico.

This will also impact luxury automakers such as BMW, who recently opened a new factory in Mexico.

Automakers need to prepare for the impact that possible tariffs may have on sales in the U.S., as a previous study found prospective buyers could consider opting for used cars ([see story](#)).

"On June 10th, the United States will impose a 5 percent Tariff on all goods coming into our Country from Mexico, until such time as illegal migrants coming through Mexico, and into our Country, STOP," the President said in his tweet. "The Tariff will gradually increase until the Illegal Immigration problem is remedied, at which time the Tariffs will be removed."

In order not to pay Tariffs, if they start rising, companies will leave Mexico, which has taken 30% of our Auto Industry, and come back home to the USA. Mexico must take back their country from the drug lords and cartels. The Tariff is about stopping drugs as well as illegals!

Donald J. Trump (@realDonaldTrump) **May 31, 2019**

Trump tweets about the tariffs

Luxury consumption and the broader retail business in the United States are in for another shakeup, as the current White House administration plans to roll out even greater tariffs on Chinese imports.

While Europe is known more so for the manufacturing of luxury goods, the imposed tariffs on imports from China are so harsh they are likely to affect much of the retail industry. According to the United States Fashion Association, it is likely that these tariffs will drive up prices on products for the American consumer (**see story**).

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