

Tariffs Analysis

A photograph of Donald Trump sitting at a large wooden desk in the Oval Office. He is wearing a dark blue suit, a white shirt, and a red tie. He is smiling and looking towards the camera. His right hand is on a metal paper shredder, which is shredding a long strip of paper labeled 'TARIFF'. The shredded pieces of paper are flying through the air around him, and many more pieces of paper with the word 'TARIFF' are scattered on the desk in front of him. In the background, there is a large American flag and a blue presidential seal. The overall scene suggests a focus on trade policy and tariffs.

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Goals

Understand Tariffs

- How many countries are being tariffed?
- What is the range of tariffs applied?
- How have these countries responded to tariffs?

Clustering

- Create clustering model
- Profile countries based on deficit over GDP
- Patterns in clusters?

Characterize

- Is there any pattern to how countries were clustered?
- Is there a pattern in how clusters were tariffed?
- Pattern in response?

Analyze

- Any outliers?
- Impact on each cluster?
- Patterns in response?

Conclusion

- Further Analysis?
- Who wins?

Methodology

Data Collection and Preparation

We used a dataset containing U.S. trade figures, including exports, imports, and deficits, normalized per capita to ensure fair comparisons across countries regardless of population size.

Exploratory Data Analysis (EDA)

The dataset was examined for outliers and trends using statistical methods and visualizations. Outliers based on trade metrics were identified using the interquartile range to understand exceptional trading circumstances or economic anomalies.

Normalization and Clustering

Trade figures were normalized by population, followed by k-means clustering to group countries into three clusters based on their trade profiles.

Analysis by Cluster

The clusters were analyzed to understand trade balances, political relationships, and the potential impact of tariffs on each group.

Clustering Results

Cluster 0

- Moderate to negative deficits
- Less likely to impose pressure on these countries or get good results
- What are you doing here Orange Man?

Cluster 1

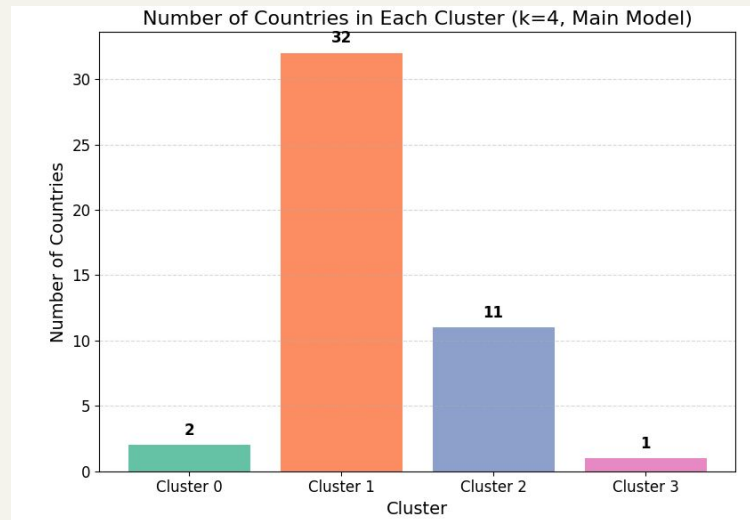
- High Per Capita Deficits in Favor of Other Countries
- Administration hopes to influence through tariffs
- Vulnerable to tariffs
- Likely to get good results for U.S.

Cluster 2

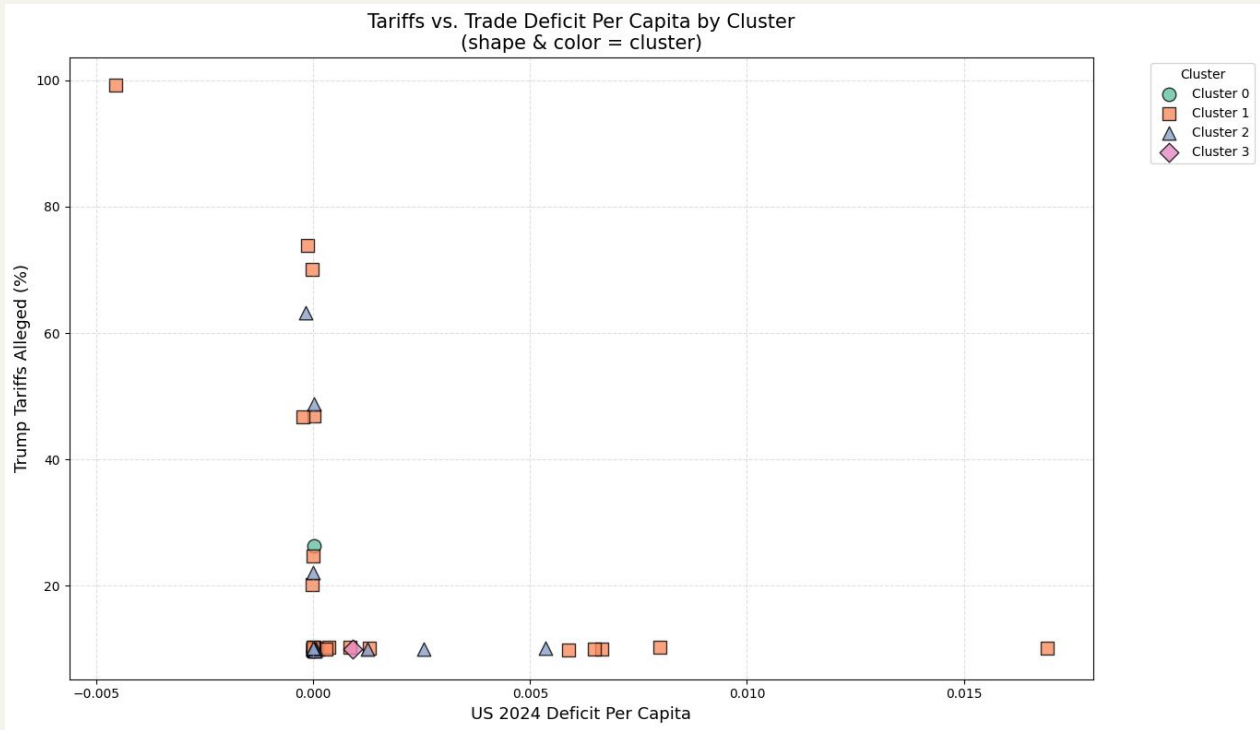
- Large per-capita trade imbalance
- Sometimes received high tariffs
- Strategic benefits to tariffs

Cluster 3:

Single extreme outlier (Kiribati)



Deficits Vs. Tariff



Analysis

Deficit

No country with a deficit in favor of U.S. suffered more than the standard 10% tariff

Cluster 1

No countries outside of Cluster 1 suffered any tariff other than the standard 10% tariff that was levied on all countries.

Politically Motivated

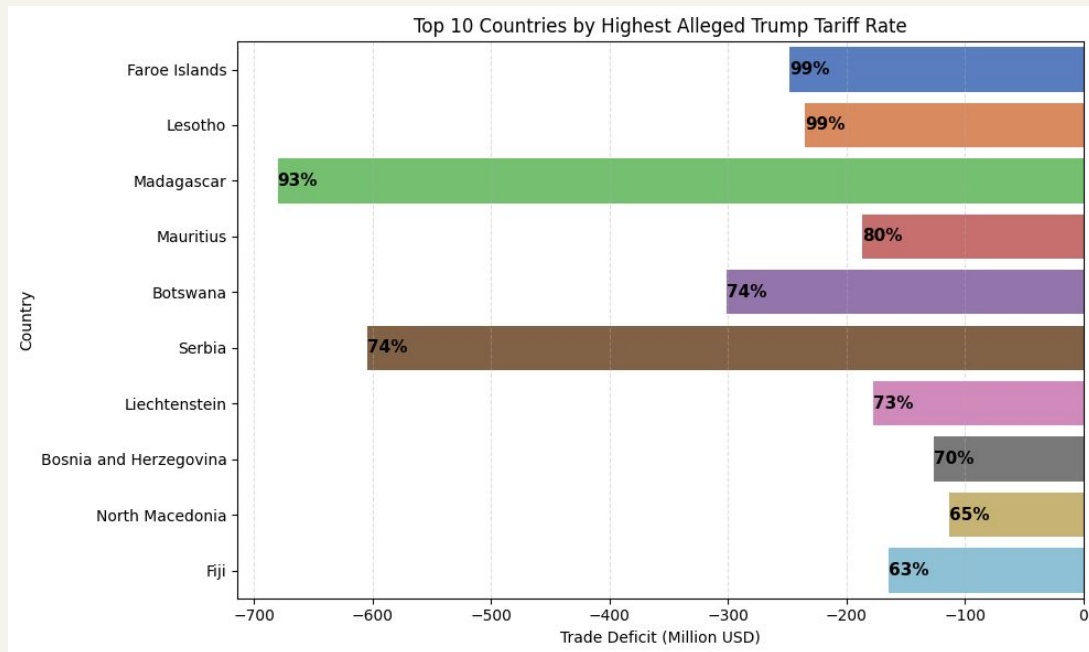
Many countries where we do not have deficit data or that have no deficit with U.S. suffered increased tariffs. Probably motivated by policies of these countries.

Inconsistent

Cluster 1 contained many countries that have deficits that favor the U.S and did not suffer increased tariffs.

Outliers

- Countries with deficit against U.S. were tariffed harshly and responded harshly.
- Countries with deficit that favored U.S. never responded with anything other than a reciprocal 10% tariff.



Further Analysis

Clusters

- Tariffs on Cluster 1 are likely to be effective and provoke economic or political change in favor of U.S.
- Tariffs on Cluster 2 are less likely to do anything of value but may produce revenue without likelihood of retaliation or negative economic impact.
- Tariffs on Cluster 0 are likely to produce little economic benefit for U.S. and are more likely to provoke harsh tariffs that damage U.S. economy

Data

- Many countries shown as having no deficit were just missing data.
- If we had the data we would probably see that they have deficits against the U.S. proportional to the tariffs imposed with some outliers.

Why?

- Some of the tariffs are baffling because we are not likely to gain any economic benefit from onshoring the goods that are causing the deficit
- Many tariffs are politically motivated and are likely to produce strong leverage that promotes the trump administration's agenda in other countries

Who Wins?

- Depends on individual country
- Generally the tariffs benefit the U.S. and are likely to produce positive change
- There are exceptions to this rule
- Some industries moving back to U.S. make sense and benefit workers. Other (textiles for example) do not benefit us at all probably.
- In general domestic business wins (except for big tech)

Conclusion

- Most tariffs are good, some are bad
- Big business benefits
- Likely to cause big positive changes in international relations and give U.S. leverage
- Universal tariff is baffling. Does not benefit consumers, business, or government and risks negative consequences from certain countries.

Thank You For Listening!
