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Confusion over US tariffs doubled their impact on imports

Changes in US tariff policy in 2025 reduced US imports – and the effect was amplified by confusion created by frequent and complex policy announcements, new research from the LSE’s Centre for Economic Performance (CEP) shows.

The average statutory US import tariff increased from 4.9% in January 2025 to 20% in December 2025 as a consequence of 53 policy announcements issued through presidential executive orders and proclamations. Understanding how each of these announcements affected import tariffs created complex challenges for trading firms.

In a new discussion paper, [Tariff Confusion](#), published by CEP, researchers show that both tariff increases and confusion over what tariff was currently applicable had negative effects on US imports.

Since tariff confusion is not directly observable, the researchers measure potential confusion using the number of announcements importers faced and the gap between the maximum announced tariff and the actual implemented tariff.

The authors estimate that by December 2025, higher tariffs had reduced US imports by 4% to 6% on average across country-product pairs compared to December 2024. At the same time, tariff confusion had reduced US imports by an additional 7% to 12%.

Thomas Sampson, associate professor of economics at LSE and co-author, said: “It is not surprising that higher tariffs reduce trade. But this research shows that confusion resulting from the number and complexity of US policy changes in 2025 led to trade disruption that magnified the fall in US imports caused by tariff increases.”

Kalina Manova, professor of economics at UCL and co-author, said: “Foreign exporters and US importers curtailed trade activity because they were not able to quickly update their beliefs about statutory tariffs and feared that tariffs might exceed cut-off levels for profitable trade. Our results provide new evidence on how the manner in which trade policy changes are implemented shapes their consequences.”

Read the full paper here: [Tariff Confusion](#)

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Notes to editors

- The Centre for Economic Performance (CEP) is an independent research centre based at the London School of Economics and Political Science. Its members are from the LSE and a wide range of universities within the UK and around the world.
- The Centre for Economic Performance is part-funded by the Economic and Social Research Council, part of UK Research and Innovation (UKRI) <https://esrc.ukri.org/> <https://www.ukri.org/>

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