

Methodology for analyzing costs of tariffs and demographic breakdowns

This updated tariff analysis builds on the [methods used](#) in the [initial analysis](#) to calculate costs of reciprocal tariffs. This update includes two methodological improvements.

First, it approximates commodity-specific tariffs using three-digit [NAICS codes](#), one of the standards used by federal statistical agencies to classify businesses into different sectors and industries of the economy. For example:

- Imports categorized under NAICS codes 321 and 113— wood product manufacturing and forestry and logging, respectively—are tariffed in this analysis at the 10 percent rate established by the White House in a late September executive order.
- Imports of primary and fabricated metals (NAICS codes 331 and 332) face a 50 percent tariff, unless from the United Kingdom (which has a rate of 25 percent).
- Imports of autos and furniture (NAICS codes 336 and 337) face a 25 percent tariff, unless from the United Kingdom (which has a rate of 10 percent), the European Union (15 percent), or Japan (15 percent).

These commodity imports, as well as imports of energy and energy products (NAICS codes 211 and 324, respectively), critical minerals (code 212), chemicals (code 325), and computers and electronics (code 334), are exempt from country-level reciprocal tariffs. Meanwhile, the 20 percent fentanyl tariff on China applies to all goods, no matter what, and an additional 34 percent reciprocal tariff on China—due to take effect in November, barring a negotiated settlement—will also be assessed on nonexempt goods.

This method of assessing commodity-specific tariffs is somewhat crude, as the three-digit NAICS level does not offer the degree of specificity required to pinpoint only those targeted commodities. Instead, broader classes of commodities are captured. The White House has exempted pharmaceutical imports from reciprocal tariffs, for example, but our analysis exempts all imports categorized under chemical manufacturing. Similarly, the auto-specific tariffs are assessed in this analysis on the broad transportation equipment manufacturing sector, which includes nonauto products such as railroad and ship-building commodities.

The approximation of commodity-specific tariffs in this iteration is conservative, as exemptions realistically cover more narrow bands of imports than assessed here. Future updates to this tariff analysis will allow for greater commodity specificity. First, we plan to expand to the four-digit NAICS codes, which offer an additional level of industrial granularity compared to the three-digit codes used here. We also plan to use the

Harmonized System, which is the highly detailed set of commodity codes used by federal authorities to directly assess import duties.

The second methodological improvement is the inclusion of Current Population Survey microdata to produce demographic statistics about workers in impacted industries. Similar to the NAICS-BEA industry crosswalk in the first tariff analysis, this updated analysis converts detailed Census Bureau industry codes to our three-digit NAICS codes, allowing sorting of CPS respondents into different categories of industry-level tariff exposure.

The CPS microdata are restricted to respondents in their fourth or eighth months in the sample, one of two periods in the CPS data-collection process when detailed income data are gathered. This allows for assessment of tariff exposure by union coverage, among other characteristics.

All summary statistics are assessed using survey weights, and statistically insignificant differences between subpopulations are not included.