Would tariffs affect border states such as Washington more than others?

BY DANIEL SCHRAGER THE NEWS TRIBUNE

TACOMA – An executive order from President Donald Trump establishing a 25% tariff on goods imported from Mexico and Canada and a 10% tariff on goods from China was set to kick in earlier this week. While the North American countries negotiated a delay of at least 30 days, the tariff on imports from China went into effect Tuesday.

Should the U.S. and its neighbors fail to find a resolution, and the tariffs go into effect, Canada and Mexico would likely impose retaliatory tariffs on imports from the U.S. If a trade war does break out, Washington could see some of its more significant impacts.

"Washington state has long been one of the most trade-dependent states in the nation," Lori Otto Punke, president of the Washington Council on International Trade told McClatchy in an interview. "40% of jobs here are tied to trade."

State among leaders in exports

According to U.S. Census Bureau trade data, Washington exported more goods than all but eight other states in 2024. Some of that is due to the state's geography, as it shares a 427-mile border with Canada and has easy access to the Pacific Ocean for shipping goods.

Washington ports are responsible for 7% of all U.S. exports, according to the Washington Public Ports Association. 2022 data from the U.S. Bureau of Transportation Statistics has six Washington ports – Tacoma, Seattle, Kalama, Anacortes, Longview and Vancouver – listed among the 50 busiest in the country by total weight of cargo handled.

According to a 2023 report from the Washington Maritime Federation, the maritime industry directly creates over 61,000 jobs in the state, including 23,500 in shipping and logistics and 18,500 in shipbuilding and maintenance, and indirectly creates an addition 112,000.

The bulk of Washington's exports come out of the Seattle-Tacoma-Bellevue metropolitan area, according to the U.S. Department of Commerce's International Trade Administration, although the Portland-Vancouver-Hillsboro area, partially in Washington and partially in Oregon, exports just as much. Bellingham ranks fourth among metropolitan areas in the state in annual exports, while Kennewick-Richland ranks eighth and Olympia-Lacey-Tumwater ranks 10th.

Geography and an extensive port system are not the only reason the state is so trade reliant.

"It's a lot more than just geography and proximity, because it's how the economy and how the industries have created this ecosystem that has been a huge competitive advantage for Washington state," Otto Punke said.

China and Canada are the top two markets for exports from Washington, while Mexico is fourth. The three countries accounted for $25 billion of the $61 billion worth of goods that Washington exported in 2023, according to the International Trade Administration.

"When we were talking about the 10% tariff on China and the 25% tariffs on Canada and Mexico, that was a $4.1 billion hit to Washington State from a cost perspective alone," Otto Punke said.

Would tariffs impact the West Coast?

How does that number compare to other states? Trade Partnership Worldwide, an economy and trade analysis group, estimates that the cost of tariffs on each state's exports would be significant. It would cost Washington $4.1 billion – the second highest on the West Coast, behind California's $33 billion.

Two of Washington's neighbors, Oregon and Idaho, are expected to see hits of $1.3 billion and $412 million, respectively. Idaho also shares a border with Canada, although it's only 45 miles long.

Washington's projected losses are the third highest of any state west of the Mississippi River, trailing only California and Texas, the two states that would be the most impacted.

Some of Washington's losses related could be attributed to how the state's ports function. For example, over half of wheat exports in the U.S. travel through the Columbia River and out to the Pacific Ocean. In 2023, Washington exported over $11 billion worth of agricultural products that were grown in other states, according to the office of Sen. Maria Cantwell.

Are border states most impacted?

Despite the projected losses, the West Coast isn't the region expected to be most impacted. Three of the five states expected to see the biggest losses are located in the Midwest, which has a higher concentration of states that rely on one industry or one trade partner.

States that border Canada are among the most impacted states, according to the estimates, although that's more true of the Great Lakes region than the Northwest. Five of the top 10 states in projected losses from the tariffs are located on one of the Great Lakes, making up nearly 27% of the total projected loss across the country.

The impact of any tariffs would be felt along the southern border as well, although it would largely be concentrated in California and Texas, according to the report, with 34% of the projected losses nationally come from the two states. With 5% of its gross domestic product coming from exports to Mexico alone, Texas had the highest projected loss at $47 billion.

In that sense, Washington's diversified economy is both a blessing and a curse when it comes to tariffs – its wide range of industries means Washington is likely to be impacted by a tariff on just about any category of exports, but that any one tariff isn't likely to decimate the state's economy.

"I think compared to other states, one of the things that is great, and one of the things that means we're impacted by more types of tariff policy is the fact that we're such a diversified economy," Otto Punke said. "We have everything from tech to retail to agriculture, ranching to life sciences and wood, timber products, all those things."

Overall, Washington's projected losses ranked No. 15 in the country.

Other ways tariffs would affect state

While Washington's exports are expected to take a $4 billion hit, that figure doesn't capture the cost of tariffs to Washington's economy as a whole, which could include higher prices and less trade overall. Otto Punke also noted that the state's manufacturing infrastructure is built around its current export levels and can't be adjusted easily.

"Especially on something like agriculture, you can't just start and stop an orchard, or agriculture in general. And it's true with businesses as well. You can't just turn these things on and off," Otto Punke said.

Washington exported $1.3 worth of agricultural products to Canada in 2023 and $687 to Mexico, according to Cantwell's office. When Mexico imposed a retaliatory tariff on U.S. agricultural exports in 2018, Cantwell estimates that Washington's apple and potato exports to Mexico fell by 29% and 21%, respectively.

Washington's proximity to the Pacific also means the state's economy could lose money that's spent on transporting other goods through the state to get to a port.

"The impacts of tariffs go well beyond what we build and grow here. … If wheat exports end up going down because of tariffs, it will impact us locally, but it'll also impact us because overall wheat exports going out of here are going to fall, regardless of whether it's grown here," Otto Punke said.

While the full effects of the tariffs remain to be seen, Otto Punke said it's helpful to think of goods exported around the world as groceries side by side in a supermarket, where a slight price change can render a product far less desirable than a similar product at a lower price.

"In the first Trump administration, there was a 20% India tariff on apples, and it caused Washington state apple shipments (to India) to drop 99% and, of course, that meant hundreds of millions of dollars in lost exports," Otto Punke said.