

How Congress Should Support Small Businesses Facing Fallout from President Trump's Reckless Tariff Plan.

On April 2nd, President Trump used the International Emergency Economic Act (IEEPA) Act authority to impose tariffs that lack a coherent strategy and are generating economic chaos and financial losses for small businesses. Though the president has announced a pause of some of those tariffs, small businesses are already feeling the impacts of the president's erratic policymaking and the possibility of a Trump Crash. Congress should take immediate steps to restore government oversight of financial markets and protect small businesses as they navigate global economic chaos.

Impact of Trump Crash on Small Businesses

- Though President Trump claims that foreign countries pay for tariffs, in fact U.S. importers, including suppliers for small businesses, will pay tariffs, which are charged as a percentage of the wholesale cost of an imported good.
- In times of crisis in particular, wholesalers often favor larger retailers—that can **weaponize their market power** to demand discounted supply deals—raising costs on and restricting the inventory of smaller players. A recent FTC report documented how this dynamic played out during the COVID-19 pandemic.
- With tighter profit margins, small businesses lack the capacity that larger corporations have to absorb major cost increases by reducing profits, and will instead have to pass higher costs on to consumers,

becoming even less competitive against larger retailers, endangering the viability of their businesses.

- After decades of offshoring, sourcing from U.S. suppliers for many products is not a near-term option. And given the president's tariffs plan lacks any accompanying industrial policy strategy to incentivize investment in domestic production, such substitutions are uncertain even in the long-term. For small businesses relying on imports of "tropical products" coffee, cocoa and certain oils that only grow in warmer climates – domestic substitution is impossible.
- Small businesses, which account for nearly half of all private-sector U.S. employment, were already struggling to pay down credit debt accrued at the height of inflation in 2021 and 2022¹ and have little capacity to take on additional debt, exposing them to predatory roll-ups.
- There is a path to replace our current broken trade regime that does not endanger the financial viability of small businesses. A strategic tariff program would protect key sectors and only impose broad-based tariffs on large mercantilist countries like China, Taiwan, and Germany.
- Watch Senator Warren on [CNBC](#) to hear more about small business risks and a better approach.

Proposed Congressional Responses to Support Small Businesses

- Immediately dissolve DOGE so it cannot break any more parts of the government, and bar firings for 60 days at government agencies, especially in the financial regulatory agencies tasked with

¹ [Small Businesses Face a 'Tornado' of Challenges: Cuts, Freezes and Now Tariffs - The New York Times](#)

managing bank stability and consumer protection, Small Business Administration, and the Commerce Department.

- Set up a small business protection fund to help small and medium size businesses hit by the Trump crash to stay solvent, and restore capacity at the Small Business Administration – potentially moving employees from the Fed over – to manage incoming demand due to cash flow and business disruptions.
- Protect small retailers and vendors by ordering rigorous enforcement of the Robinson-Patman Act (RPA) to prohibit price discrimination against smaller stores and vendors in allocations of supply.
- Pair any use of emergency lending authority to large financial institutions with a broad-based prohibition on mergers, stock buybacks, dividend increases and other forms of financial engineering by any firm with more than \$20 billion in revenue.

Small Business Testimonials

- One small business owner [wrote](#) on X: “Our small business sells high end windows & doors. Our vendor are saying a 20 to 30 % increase plus they will not honor jobs quoted before the tariffs. Our products are already expensive but now we will have to cut our margins which means we lose money...”
- A Western North Carolina farmer [stated](#): “It will affect us on everything from fertilizer to construction materials to tractors, new equipment, but not just new equipment, like tractor parts. All farmers do their own maintenance on their equipment.”
- A North Carolina ceramics business owner [asserted](#) that U.S. tariffs on Canada chilled demand in that market for his products: “Unfortunately,

the Canadian business that we have has completely gone away, and the Canadian companies that we have been working with for many years are no longer interested in buying our products solely because we're an American company."

- [A Minnesota veteran](#), patented a placemat for babies with bungee cords that keep toys and utensils from dropping to the floor. Her company, Busy Baby, would like to manufacture in the United States, but parts like food-grade silicone are not available domestically. The owner now has to figure out what to do with \$160,000 in product in China that she can't afford to import to sell to her U.S. market.
- [A Maine small business owner](#) wrote on X that his timber business would be hit even though they locally source its products: "I source locally with no overseas supply chain. These tariffs will still hurt my business because cost of living goes up, clients stop buying, and my sales shrink. Across-the-board tariffs are a tax on all of us. Stupid.
- A [user on Reddit](#), explained that his business would have to absorb the cost of tariffs as pricing with customers was already locked in: "My uncle owns a pottery studio in Poland, my mom and I have been wholesaling the product here in the US for the last 20 years...We have 2 containers on the way to the US right now, 50% of the product already is sold and we cannot change the pricing on it. This will be so detrimental to our company and I just don't know what we should do."
- Another self-described business owner in Reddit [described](#) how a hike in import fees of aluminum from China was not anticipated: "We have a small business and ordered \$3,380 worth of aluminum parts from China.

Parts entered USA on 3/31/25. DHL requires \$2,483.21 for "import duty" or they will send back the parts 5 days...Can this be right?"