
WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. SENATE
COMMITTEE ON FINANCE

“The President’s 2025 Trade Policy Agenda”

April 8, 2025

John Arensmeyer

Founder & CEO, Small Business Majority

Dear Chairman Crapo, Ranking Member Wyden, and members of the Senate Committee on Finance:

As a leading representative of America’s 34 million small businesses, Small Business Majority writes to provide written testimony on the direct impacts of the administration’s recent trade policy decisions on small businesses nationwide.

Small Business Majority is a national small business organization that empowers America’s diverse entrepreneurs to build a thriving and equitable economy. From our 12 offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enables us to educate stakeholders about key issues impacting America’s entrepreneurs, with a special focus on the smallest and most under-resourced businesses.

Small businesses rely on strong global trade relations for sustainability and growth opportunities

A stable and robust global trade environment, which allows American small businesses to reduce costs and expand their market reach, is critical to the growth and innovation of our national economy. In fact, research from 2024 found that 88% of small businesses believe that trade is essential to growing and expanding the U.S. economy.¹

Given the outsized role small businesses play in our local and national economies, representing 99% of all U.S. businesses, it should come as no surprise that small businesses also make up a large majority of the millions of businesses that rely on importing and exporting goods and services each year. While only 35% of small businesses export, primarily to our closest trading partners like Canada and Mexico, 97% of all businesses that export in the U.S. are small businesses.² Additionally, more than 7 in 10 small businesses say they import goods in some capacity to create a product domestically, signifying the importance of stable trade policy that provides businesses with the economic certainty needed to plan and grow.³ In

¹ “75% of U.S. Small- and Medium-Sized Business Leaders Say Trade Directly Benefits Them.” FedEx. March 14, 2024. <https://newsroom.fedex.com/newsroom/global-english/75-of-u-s-small-and-medium-sized-business-leaders-say-trade-directly-benefits-them>

² “What Do We Know About Small Businesses that Export?” U.S. Small Business Administration Office of Advocacy. March 5, 2024. <https://advocacy.sba.gov/wp-content/uploads/2024/03/Issue-Brief-No.-19-Small-Business-Exports.pdf>

³ “75% of U.S. Small- and Medium-Sized Business Leaders Say Trade Directly Benefits Them.” FedEx. March 14, 2024. <https://newsroom.fedex.com/newsroom/global-english/75-of-u-s-small-and-medium-sized-business-leaders-say-trade-directly-benefits-them>

2023 alone, small businesses accounted for \$588 billion in known export values and \$868 billion in known import values, representing nearly \$1.5 trillion in global trade.⁴

Unpredictable tariffs will devastate small businesses

When imposed strategically alongside federal investments in domestic supply chains and manufacturing, like those made through the Infrastructure Investment and Jobs Act and CHIPS and Science Act, tariffs can act as a useful tool in reshoring the domestic production of certain goods and materials. However, the current administration's implementation of sweeping and exorbitant tariffs has rather been used as a punitive negotiating tactic against our closest trading partners that has left American small businesses hanging in the balance.

Over the last three months, small businesses have been at the mercy of the Trump administration's unpredictable tariff strategy that seemingly came to a front on April 2nd after the announcement of a new 10% tariff on all imports in addition to reciprocal tariffs on roughly 60 countries. While reciprocal tariffs are now under a 90-day pause, excluding those on Chinese imports which have now risen to a staggering 145%, the ever-looming threat of these tariffs alone has led to widespread economic uncertainty and chaos that is directly impacting small business owners' ability to plan for the year ahead. In fact, the National Federation of Independent Businesses (NFIB) Uncertainty Index has reached record levels in Q1 and the net percentage of business owners expecting better business conditions fell by 16 points in March, representing the largest decline since December 2020.⁵

Unlike larger businesses that are more likely to have the ability to absorb increased overhead, negotiate and lobby for exemptions, and extract lower prices from their foreign suppliers, small businesses operating on razor-thin margins simply lack the market and negotiating power to offset the cost of these tariffs, leaving them with little to no choice but to pass imminent price increases on to consumers. This will undoubtedly further exacerbate the unlevel playing field between larger businesses and their smaller competitors as consumers pull back on spending on Main Street amid economic turmoil which has led to consumer sentiment dropping to the second lowest level on record since 1952.⁶ What's more, recent Small Business Majority national polling found that more than half (53%) of small businesses are concerned about the impact of tariffs on their business and 77% are concerned about the impact on the larger economy.⁷

Small business owners will foot the bill for the Trump administration's new tariffs

To underscore how these rash trade policy decisions are impacting Main Street, we submit various quotes (below) from small business owners in our network that detail how these new tariffs, or simply the threat of them, will hinder their ability to sustain and grow their operations.

Bill Stewart, Owner, LI Toy & Game in Kings Park, NY: *"I am the owner of a small toy store business and my wholesale costs are increasing across the board. There isn't a single item in my shop that isn't affected by these tariffs; I'm getting daily emails from wholesalers about tariff price increases and delays.*

Board game manufacturers will be hit especially hard as board games cannot realistically be produced here in America. Creating the factory and buying equipment would take several

⁴ "A Profile of U.S. Importing and Exporting Companies, 2022-2023." U.S. Census Bureau. April 3, 2025. <https://www.census.gov/foreign-trade/Press-Release/edb/edbrel2023.pdf>

⁵ "New NFIB Survey Small Business Optimism Slips." National Federation of Independent Businesses (NFIB). April 8, 2025. <https://www.nfib.com/news/press-release/new-nfib-survey-small-business-optimism-slips/>

⁶ "US consumer sentiment plummets to second-lowest level on records going back to 1952." CNN. April 11, 2025. <https://www.cnn.com/2025/04/11/economy/us-consumer-sentiment-april/index.html>

⁷ "Voice of Main Street: Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies." Small Business Majority. February 5, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies>

years and it would require more financial resources than most publishers have. Small to mid-sized manufacturers are telling me they may not be able to stay in business as they will be forced not to distribute their products in the United States. Additionally, action figures cannot be made in America at evenly remotely competitive prices because they're hand painted at the factory. Those figures already cost between \$25 and \$40 per unit, while collector-quality figures cost over \$300. All of those prices would increase dramatically beyond what most consumers would be willing to pay.

I think many small toy stores could be forced out of business by these insane tariffs. Ultimately, tariffs will be terrible for the consumer, small businesses and corporations. Nobody wins here."

Shayai Lucero, owner of Earth and Sky Floral Designs and Gallery in Laguna, New Mexico: *"I operate a floral shop in New Mexico and have had to raise my prices. Most roses are imported from South America and now cost around \$2.00 per stem (wholesale) instead of \$0.99 due to the tariffs. I was able to maintain affordable pricing for the communities I serve for the last four years by absorbing costs where I can. However, I have recently had to increase costs by a minimum of \$5 just to stay afloat and I will still be taking a financial hit."*

Nancy Clark, owner of Drive Brand Studio in North Conway New Hampshire: *"I'll be checking in with our ice cream shop suppliers to see how we'll be impacted. Right now, businesses are starting to raise their prices in anticipation of the tariffs. They're not waiting until the tariffs actually hit: they're already planning for them."*

Additionally, my marketing business has already been directly impacted. I lost a contract because one of my clients, a high-end home builder, is anticipating the effect of the tariffs. Their supplier, a major lumber yard, has already raised their prices by about 25% because of predicted future tariffs. So whether or not tariffs happen exactly as expected, the price increases are already in motion. This isn't something that's just going to go away."

Galina Kofchock, CEO of Osceola Energy in Albuquerque, New Mexico: *"We're actively preparing for the impact of the upcoming tariffs on our business by ordering more products we already have contracts for. We're trying to lock in current pricing and ensure we have enough stock. The tariff changes have put significant pressure on current projects we haven't installed yet since they were priced a year ago. We will be installing when prices are significantly higher, which will impact our margins."*

One of the most challenging aspects has been the effect on government contracts. We were notified we had won several projects, but many have now been canceled or put on hold due to budget concerns tied to rising costs. The uncertainty around pricing and supply chains has made it difficult to forecast demand and secure necessary components. Many of our customers are more cautious about committing to new contracts, and we've implemented a hiring and compensation freeze until we see what happens. If we continue to lose projects, we'll have to let go of some employees."

Nikki Bravo, owner of Momentum Coffee in Chicago, Illinois: *"At Momentum Coffee, we're all about supporting our community and encouraging people to shop local. However, higher tariffs can make it tough because some of our supplies come from overseas. We have a real concern since we're a coffee shop, there's only so much we can pass on to our customers without affecting the neighborhoods we seek to serve and our mission to make quality coffee accessible. With a 60% tariff, it's hard to balance these added costs. Small margins made smaller can have some unintended consequences, especially for businesses like ours that are*

deeply tied to our communities. We know we'll need to explore options to offset the impact, but at this time, we're not certain what those options will look like.”

Margo Clayson, founder and president of The Mighty Microgreen in Inkom, Idaho: “Tariffs are my biggest concern right now. I source everything I can locally, but some materials—like plastics—are simply not affordable in the United States. If I have to raise prices in response to my increasing costs, I know families will then have to make tough choices. No matter how great my product is, it’s likely to end up on the back burner in family budgets. And when it comes to immigration policy, I expect mass deportations would directly impact the farmers who supply the seeds I rely on. Living in a farming community, I see firsthand how generational family farms already struggle to find workers willing to do the back-breaking labor that farming demands. This isn’t just a challenge for my small business—it’s an issue that will affect all of us.”

Zach Davis, owner of The Penny Ice Creamery in Santa Cruz, California: “Tariffs would be directly passed down to our bottom line. While we source our dairy locally, vanilla, sugar and chocolate have to be imported.”

Mike Roach, owner of Paloma Clothing in Portland, Oregon: “Our clothing store for women, Paloma Clothing, hopes to turn 50 next year. Our two top selling lines of clothing are made in China. The 60% proposed tariffs would make these lines unsellable and there are no comparable lines made in the U.S. or even in other countries at this time. The damage to our sales and to our long-time vendors would dramatically impact our business' ability to function long before those lines could pivot to other countries or the U.S. There are thousands of locally owned clothing stores in the country that are still trying to recover from the covid collapse of our industry. These tariffs could be the nail in the coffin for many of us.”

Mike Brey, owner of Hobby Works in Laurel, Maryland: “We [Hobby Works] used to import accessory carrying bags of our own design through our WingTote subsidiary. Because it was a very heavy duty, but niche product, there was simply no way to manufacture this product in the U.S. We could only manufacture this product by piggybacking on other manufacturers' factory runs. Falling into the sewn sporting goods or luggage categories, they already carried a 17.9% tariff pre-pandemic. During the first Trump Administration an additional 25% tariff was added (not an increase of 25% as was widely reported) for a total tariff of 42.9%. There was simply no way to avoid passing virtually all of this cost on to the consumer because margins are already too narrow. Most toy, hobby, and game shops have net operating margins in the 5-10% range, which leaves very little room for retailers to absorb additional costs, so they get passed on to the consumer very quickly. The proposed tariffs would also have a negative impact on my cashflow, forcing me to raise the cost of goods just to stock my shelves. So, the negative effect of imposing tariffs is twofold: regressive tax on the consumer in the form of increased costs, PLUS delayed cash flow on the part of the retailer, manufacturer, etc. Those negative effects ripple all throughout the supply chain.”

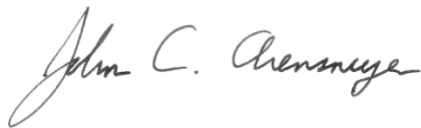
Clifton Broumand, Owner of Man and Machine in Landover, Maryland: “If the new administration wants to damage export manufacturing and really kill domestic manufacturers, pass a bill similar to the Tariff Act of 1930. We all want to strengthen our manufacturing base, but it’s hard to understand how raising taxes through tariff increases aligns with the [administration's] values of lower taxes and lower costs for all Americans. If these tariffs go into place, I will have to move my production to Vietnam to compete with the Chinese in my export business. How does this help my employees? How does this help small businesses in our country?”

The administration must consider the impacts of trade policy decisions on our nation's small businesses

Small businesses rely on a strong and stable global trade market to reduce costs for American consumers and access foreign markets, allowing them to grow their customer base and increase revenue. As the administration continues to identify and carry out its trade policy agenda for 2025, Small Business Majority urges the United States Trade Representative, the Departments of Commerce and the Treasury, and the Small Business Administration (SBA) to assess how these policy decisions, and the uncertainty they create, are affecting small businesses and entrepreneurs. While we strongly oppose and caution against pursuing a trade policy agenda that centers around the on again, off again use of punitive tariffs, it is imperative that USTR, the Departments of Commerce and the Treasury and the SBA work together to develop comprehensive education and resources to help small businesses navigate exemption requests and stay compliant with evolving tariff regulations.

The administration's trade policy agenda should prioritize supporting American small businesses and consumers by fostering strong global trade partnerships and investing in our nation's supply chains and manufacturing industries — not by relying on the unpredictable use of punitive tariffs that drive up costs and induce chaos and confusion on Main Street. We urge the administration to bring an end to the use of these unfounded tariffs to prevent any further harm to the millions of small businesses that continue to bear the brunt of this self-inflicted trade war. For any questions or additional information, please contact our Government Affairs Director, Alexis D'Amato, at adamato@smallbusinessmajority.org.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive, flowing style.

John Arensmeyer
Founder & CEO
Small Business Majority