# The United State Tariff Policy and Its Impact on the Inflation - Evidence from Section 301 Tariffs Since 2018

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## Abstract

This study estimates the inflation effects of the U.S. Section 301 tariffs on imports from China since 2018, using headline consumer price indexes rather than barcode-level retail data. We construct monthly CPI component exposure to Section 301 by combining HTS-level tariff schedules with pre-policy China import shares, mapped into CPI goods categories. Our core design is a panel event-study/difference-in-differences framework that relates CPI component inflation to time-varying tariff exposure while controlling for component fixed effects and time fixed effects to absorb common macro shocks. We translate estimated pass-through into implied contributions to headline CPI inflation using CPI expenditure weights, producing an inflation-accounting measure of the tariff shock over time.

For comparison, we use BLS Import Price Indexes (which exclude tariffs) to distinguish foreign price adjustment from the tariff wedge faced by U.S. buyers. We construct tariff-inclusive landed-cost shocks by combining tariff-exclusive import price movements with tariff changes and test whether CPI responses align with landed costs. Finally, we examine import reallocation away from China to assess how substitution shapes the dynamic inflation response.

Our contribution in this study is to provide an empirically grounded estimate of the inflationary impact of Section 301 tariffs using public CPI and import price data, clarify the channels through which tariffs transmit to consumer prices, and offer a framework for evaluating future tariff policies through the lens of inflation measurement and incidence.

## Keywords

Tariff, Trade War, Inflation Effect, Tariff Pass-through.