NYS Tariff Disruptions Report

Early Analysis of the Impacts of Federal Tariff Actions on New York

Governor Kathy Hochul

NEW YORK STATE

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Introduction

Since her first day in office, Governor Kathy Hochul has enacted a clear path for New York's economic growth. From securing nation-leading investments to reshore manufacturing to unprecedented investments into housing creation and workforce development, and establishing the most comprehensive assistance for small businesses of any administration in state history, Governor Hochul has been strategic in growing the New York economy and ensuring government works for the people. As newly imposed tariffs at the federal level weaken growth for states across the nation, the Governor is taking a proactive approach to assess the real-world consequences of federal tariff policies now confronting New York's residents and businesses.

Throughout 2025, the Trump Administration has implemented new tariffs on more than 75% of all imported goods, which the Congressional Budget Office has projected will reduce productivity and slow economic growth.[1] While the full consequences of the President's tariff actions are still unfolding, it is already clear the frenetic economic policy announcements by the White House are injecting instability into the U.S. economy, and by extension, into the New York State (NYS) economy.

In response, on July 14, 2025, Governor Hochul directed NYS agencies and authorities to conduct analyses evaluating the impacts of recent federal tariff actions. This report provides an initial assessment of the headwinds created through federal tariff and other federal economic policy actions upon NYS - analyzing the initial impact period beginning with the President's first tariff announcements, through September 30, 2025.

This report includes information gathered from NYS agencies and authorities, supplemented by case studies and real-world examples of disruptions in vital sectors, including agriculture, manufacturing, tourism, transportation, housing, healthcare, construction, and small business service provision. Additionally, the report describes the social impacts experienced by residents, visitors, families, and employers, and identifies the regions within NYS that have been particularly or acutely harmed.

On the whole, this report articulates the early impact of federal tariffs and specifies the ways in which federal policies are undermining the State's growth and resulting in real-world consequences for New Yorkers.

Note: Data in this report is drawn from multiple sources with varying reporting cycles and timeframes. While every effort was made to incorporate the most current data available as of September 30th, readers should note that different metrics may reflect various points in time.

[1] https://www.cbo.gov/system/files/2025-09/61236-Economy.pdf

Executive Summary

The imposition of tariffs and related federal actions is generating economic uncertainty across New York State. The scope of this uncertainty is affecting families, visitors, employees, and business owners. At a time when the trajectory of New York's economy was upward, federal actions are curbing growth nationwide.

Prior to the impacts of recent federal announcements, NYS had entered a period of notable economic growth.

During Governor Hochul's tenure, New York has:

- Created over 800,000 private sector jobs, a growth rate of 10.4% which outpaces the nation's 8.6% growth rate.[2]
- Secured hundreds of billions of dollars in private sector investment for projects such as the Micron semiconductor manufacturing project, and Chobani's project to make the nation's largest investment into natural food manufacturing.
- Made nation-leading investments into AI for the public good through Empire AI, and secured New York's federal designation as a National Semiconductor Technology Center.

New York's economic progress is now at risk. With enacted and threatened tariffs, the federal government is creating an environment of uncertainty and hesitancy. Residents are facing higher prices for everyday items, compounded by belt tightening from their employers. Businesses are grappling with whether to absorb new tariff costs - resulting in potential layoffs - or pass these costs on to consumers, straining the budgets and goodwill of their customers.

To-date, some of the most noteworthy impacts of tariffs and other federal actions have been:

- **Cost Increases:** Consumers are now facing a new effective tariff rate of approximately 21% on imported goods, according to NYS Division of the Budget calculations. Tariff actions amount to $4,200 in increased costs per New York household.[3] The rate of inflation January through September of 2025 is 52% greater than the average inflation rate for those same months 2010-2019.[4] Inflation directly hurts New York families, with each dollar earned able to buy less.
- **Reduced Tourism:** Antagonistic policies and announcements from the federal government have resulted in reduced travel and spending from international visitors. The decrease in Canadian visitors has been particularly dramatic, with nearly a million fewer border crossings between the U.S and Canada in 2025 as compared to 2024.[5] As the top destination for Canadian visitors to the U.S, New York is suffering a disproportionate impact

[2] Change in total private sector employment, August 2021 and August 2025. Current Employment Survey, US Bureau of Labor Statistics and New York State Department of Labor
[3] https://www.governor.ny.gov/news/numbers-white-houses-tariff-deadline-governor-hochul-underscores-detrimental-impact-trumps
[4] Consumer Price Index for All Urban Consumers, 2010-2025, U.S. Bureau of Labor Statistics
[5] https://ny1.com/nyc/all-boroughs/news/2025/08/05/schumer-joins-wny-leaders-in-looking-to-reverse-president-trump-s-tariff-imposed-on-canada

from this decline.[6] This is particularly concerning as tourism is the State's third largest sector, employing one in ten New Yorkers.[7]

- **Small Business Strain:** Small businesses comprise 98% of NYS businesses and employ approximately 3 million New Yorkers - 40% of the State's private sector workforce.[8] Small businesses are proving to be particularly vulnerable to the negative impacts of tariffs, as they typically operate on tight margins and have limited flexibility in their supply chains.
- **Reduced Investment**: Frequent, unpredictable shifts in federal tariff policies have created a climate of economic uncertainty, discouraging businesses from making long-term investments in New York State. This "wait-and-see" approach to capital spending stalls growth and job creation, as companies fear future cost increases and supply chain disruptions.

This report paints a clear picture: despite a strong, upward economic trajectory established over the past decade, and pronounced economic growth under Governor Hochul, unpredictable federal trade policies, particularly the imposition of tariffs, are actively undermining New York's growth and creating palpable financial strain for households and small businesses. The uncertainty is not merely an abstract economic concept; it is a direct, measurable force driving up household costs, discouraging vital business investment, and disproportionately impacting core state industries like tourism and the small businesses that serve as the backbone of the New York economy. The continuation of these actions threatens to halt the state's progress and reverse the hard-won economic gains achieved over the last several years.

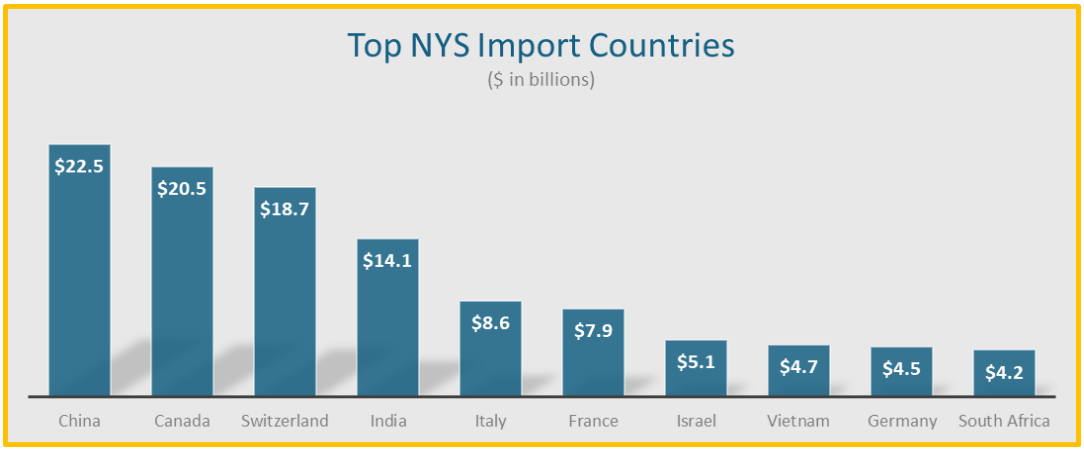
[6] https://www.trade.gov/feature-article/characteristics-canada-land-visitors-2024
[7] New York State Department of Labor, Quarterly Census of Employment and Wages
[8] https://esd.ny.gov/sites/default/files/media/document/2024-ESD-ANNUAL-REPORT-ON-SMALL-BUSINESSES.pdf

NYS Trade Summary

To fully appreciate the impact of tariffs upon New York, it is important to recognize the NYS's role in the global economy. New York State is one of the largest economies in the world. New York State GDP reached $2.32 trillion in 2024.[9] NYS is the 3rd largest state exporter of goods and is intricately connected to trading partners across the globe for both imports and exports.[10]

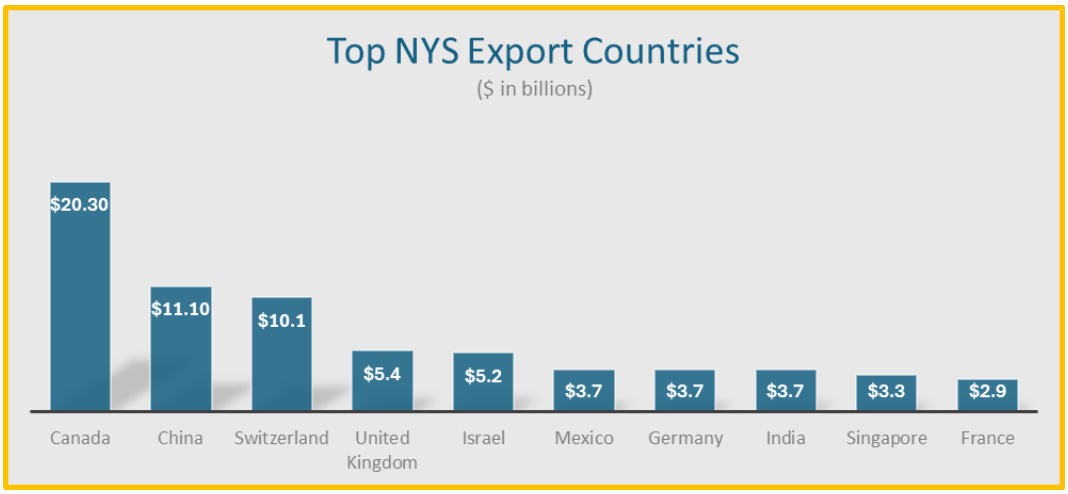
Imports

The total value of goods imported directly into New York in 2024 was $160 billion.[11] NYS is the 5th largest importer of goods in the U.S.[12] The State's largest source of goods is China, representing $22.5 billion in imports in 2024, followed by Canada ($20.5 billion).[13]



Exports

The total value of goods exported from New York in 2024 was $94 billion.[14] Approximately 34,000 businesses export from NYS each year, with 31,000 (93%) being small and mid-sized companies with under 500 employees.[15]



[9] https://www.bea.gov/
[10] https://ustr.gov/map/state-benefits/ny
[11] WISERTrade based on the U.S. Dept. of Commerce, Census Bureau, State Origin of Movement Series (OM)
[12] WISERTrade
[13] WISERTrade based on the U.S. Dept. of Commerce, Census Bureau, State Origin of Movement Series (OM)
[14] WISERTrade
[15] https://ustr.gov/map/state-benefits/ny

Sector Impacts

While tariff impacts vary by sector, many sectors are affected by both higher costs for imported materials, and by retaliatory tariffs on exported products.

Agriculture

New York's 30,000 farms are reliant on both imports and exports, with over 20% of a farmer's income typically reliant on exporting goods[16]. The combination of new tariffs on essential imports and retaliatory tariffs on exported products is creating challenges for NYS farmers. According to the NYS Department of Agriculture and Markets, over 80% of agrochemical imports and 70% of farm machinery imports originate from countries subject to U.S. tariffs, making it difficult for farmers to secure alternative sources.

The NYS Department of Agriculture and Markets also reports that many industries have proactively purchased large quantities of shelf-stable food products and ingredients. As a result, the broader financial impacts of tariffs on the agricultural sector may not be fully realized until early next year. However, certain subsectors and individual farmers are already reporting strain:

- New York is the 5th largest dairy-producing state in the U.S., producing over 16 billion pounds of milk annually.[17] The dairy industry is the largest segment of New York's agricultural industry and generates nearly half of the state's total agricultural sales.[18] NYS milk exports in the first half of 2025 were 7-12% lower than during the same period in 2024.[19]
- NYS is the nation's 3rd largest wine producer, supporting tens of thousands of jobs.[20] However, U.S. wine exports to Canada, the largest destination for U.S. wine, are down over 91% from last year, with overall U.S. wine exports down over 20%.[21]

CASE STUDY: One farmer in the North Country reported that tariffs could add $300 per day for grain and feed and $20,000 annually for fertilizer.

https://dairynews.today/news/dairy-farmers-in-new-york-face-rising-costs-due-to-tariffs.html

CASE STUDY: A vineyard owner in the Finger Lakes noted that 10% of his sales result from Canadian business, and this activity has slowed by 20%, "It's going to have a huge impact….the damage is already done. It's going to be at least a year, if not longer, for my industry to recover".

https://retailwire.com/us-wine-industry-trump-tariffson/

CASE STUDY: Two pillars of the State's craft beverage industry highlight the impacts of tariffs. One reports that costs for aluminum cans have risen 8% and cardboard boxes by 5%, translating into tens-of-thousands in added expenses. Another noted, "[It is] pretty shocking for a small business to have an extra $20,000 in six months added to our costs".

https://www.timesunion.com/business/article/albany-brewers-face-higher-costs-trump-aluminum-20769618.php

[16] https://www.agriculture.com/this-trade-war-will-force-farms-to-close-and-more-reactions-from-ag-industry-on-latest-tariffs-11708206
[17] https://www.nass.usda.gov/Quick_Stats/Ag_Overview/stateOverview.php?state=NEW%20YORK
[18] https://agriculture.ny.gov/system/files/documents/2025/08/2024dairystatisticsannualsummary.pdf
[19] WISERTrade
[20] https://www.newyorkupstate.com/wine-tours/2020/01/how-big-is-new-yorks-wine-business-inside-the-numbers.html
[21] U.S International Trade Commission (USITC)

Construction & Infrastructure

The construction industry is an essential element of New York's economy. From shaping communities and iconic skylines to building and maintaining critical infrastructure, the industry supports a wide range of trade workers, builders, and engineers, employing 400,000+ New Yorkers and contributing over $66 billion to the State's economy annually.[22]

Construction activity is supported by the import materials such as steel, aluminum, and lumber, all of which are currently impacted by tariffs. The result is higher project costs, which results in fewer projects and displaced construction workers, as well as project delays as materials become more difficult to source. Construction cost increases and delays inhibit the creation of new homes, public works projects, as well as the construction of new commercial buildings.

The Dormitory Authority of NY (DASNY), which finances and constructs health and education infrastructure, reports that it has so far avoided the effects of current tariffs due to the timing of bids for projects. However, DASNY anticipates significant impacts on materials and pricing in next year's construction season. The NYS Department of State (DOS) and Office of General Services (OGS) report that some previously awarded construction projects are now projecting increased costs for materials.

According to a construction market analysis for the northeast region of the U.S., overall project costs are reported to have increased by 15% to 25% due to tariffs and related impacts.[23] These increases combined with other indicators demonstrate the growing strain from tariffs:

- Approximately 80% of contractors indicate that suppliers have already notified them of tariff-related material price increases.[24]
- U.S. imports of steel are down between 5% and 8%, year-over-year, leading to supply-chain constraints and jeopardizing project delivery timelines.[25]
- The Associated General Contractors of America found that uncertainty regarding tax, tariff and labor policies is contributing to a decline in the sector, with only half of all U.S. metro areas experiencing a year-over-year gain in construction jobs - the fewest since March 2021.[26]

For New Yorkers, these price increases mean seeing less value for every infrastructure dollar spent.

"These tariffs have already materially diminished the outlook for construction activity in 2025. Many businesses are poised to delay or even cancel planned capital investments given the current business environment and daily market convulsions. Conditions will likely deteriorate further if elevated tariff rates remain…" - Chief Economist for Associated Builders and Contractors (ABC).

https://www.abc.org/News-Media/News-Releases/abc-monthly-construction-economic-survey-shows-tariff-impacts-emerge

[22] Lightcast Quarter 3 2025 Data Set, August 2025
[23] https://pikecs.com/wp-content/uploads/2025/08/Pike_Construction_Market_Report_Aug-2025-2.pdf
[24] https://www.abc.org/News-Media/News-Releases/abc-monthly-construction-economic-survey-shows-tariff-impacts-emerge
[25] https://www.steel.org/2025/07/steel-imports-down-9-6-in-june-vs-may/
[26] https://www.agc.org/news/2025/06/30/only-half-metro-areas-add-construction-jobs-may-2024-may-2025-owners-pause-or-cancel-work-amid

CASE STUDY: "You put a 25% tariff on Canadian lumber, guess what happens? American suppliers, domestic suppliers raise their costs by like 20%...This is exactly what we don't need when we're trying to get projects off the ground." –President of the Associated General Contractors of New York State

https://www.constructionowners.com/news/trumps-tariffs-spark-concern-among-new-york-builders

CASE STUDY: "These prices will never come down…these things will be sticky and hopefully we're good enough as a small business, that we can absorb some of that. We can't certainly absorb all of it…" - Partner at a building materials supplier firm in Long Island.

https://www.ksl.com/article/51276756/tariffs-on-lumber-and-appliances-set-stage-for-higher-costs-on-new-homes-remodeling-

Housing Infrastructure

Home building is a vital subsector of New York's construction industry, especially at a time when access to housing remains a critical need across the State. Recent estimates indicate tariff actions will add approximately $11,000 to the cost of building each new single-family home.[27]

The Washington Center for Equitable Growth finds that, nationally, "residential construction will become more expensive, and projects will slow or halt, constraining the supply of new housing and potentially putting upward pressure on housing prices".[28]

NYS Homes and Community Renewal (HCR) reports that while the full impact of the tariffs on the housing market will be more evident by early 2026, rising price already creating challenges. In one financed project, HCR reported an $18,000 increase in the cost of a single elevator, and an additional $370,000 increase for essential building supplies. This escalation in construction costs, driven by tariffs, will inevitably result in fewer new homes built and, consequently, reduced access for homeownership across New York State.

CASE STUDY: "I believe there are going to be huge impacts to come from [tariffs]. The fact that steel and windows are going to be affected, a lot of that comes from Canada…Even people who have the money to build multimillion-dollar houses… It could cost them a couple hundred thousand dollars more to build their house." - Real estate developer in Rockland County

https://www.homes.com/news/weve-been-warned-small-business-owners-tied-to-housing-market-brace-for-impact-from-tariffs/280749712/

CASE STUDY: "For us, just about 100% of our lumber comes from Canada...It's going to be much more expensive…We have eight more houses in predevelopment that we haven't purchased lumber yet…This could have a real impact on projects" – Executive Director for Habitat for Humanity Capital District

https://spectrumlocalnews.com/nys/central-ny/news/2025/02/04/why-trump-s-proposed-tariffs-raise-concerns-of-builders

[27] https://www.nahb.org/advocacy/top-priorities/building-materials-trade-policy/how-tariffs-impact-home-building
[28] https://equitablegrowth.org/tariffs-impact-u-s-industries-differently-with-manufacturing-the-most-exposed/

Transportation Infrastructure

New York's transportation network is one of the most comprehensive systems of highways, bridges, airports, ports, and mass transit infrastructure in the world. Maintaining and expanding this network is essential for public health and safety, commerce, and tourism. The sector also creates a significant number of jobs, employing over 98,000 New Yorkers with a $22.6 billion annual impact on the economy.[29] However, tariffs on steel, aluminum, and other key construction materials drive up the cost of both new projects and critical repairs to existing infrastructure, stretching public budgets, and potentially delaying needed improvements. These rising costs risk creating longer project timelines and increased burdens on taxpayers.

- Steel and aluminum are essential for rebar in concrete, structural frameworks (bridges, overpasses), guardrails, signs, and other essential transportation infrastructure. Steel tariffs were raised in June 2025 to 50% from the previous level of 25%, leading to increased costs for construction and infrastructure projects that use significant amounts of imported steel. Tariffs on foreign goods can also reduce pressure for American companies to keep their prices low. Despite not being subject to tariffs, two large American steel producers reported in July that they were charging more for their products in the Q2 of 2025 than Q1.[30]
- Asphalt – a crude oil derivative key to road infrastructure projects-- has also been subject to price increases, potentially affecting road maintenance repair projects across the State. The New York State Department of Transportation (DOT) reports costs increasing from $591 per ton to $646 per ton (over 9% increase or 5.9% increase when seasonally adjusted) from January 2025 to July 2025.[31]
- Copper, used in electrical wiring for traffic signals, lighting, rail systems, and other transportation infrastructure, has significantly increased in cost. In September 2025, copper cost approximately $4.50 per pound, as compared to only $3.25 in July 2024, a 38% increase.[32]

CASE STUDY: "In Central New York, the ongoing construction projects and the projects that are scheduled to start, there is a degree of redesign or reengineering… [for instance] trying to take some of the materials out that have a longer lead time or a much higher elevated cost." – President of the Central & Northern New York Building Trades Council

https://www.waer.org/news/2025-09-02/tariffs-are-having-a-mixed-impact-on-cny-businesses

CASE STUDY: According to the North Country Chamber of Commerce, tariffs on Canadian goods result in higher costs for materials needed by the region's manufacturers, as 100% of northern New York's asphalt and cement come from Quebec.

https://northcountrychamber.com/News/?nid=144

Tariffs are also impeding New York's ability to implement clean and efficient electric public transportation. NYS DOT reports that manufacturers for electric buses are estimating a $13,000 tariff-related cost increase per bus on top of previously negotiated prices. This significant cost hike

[29] Lightcast Quarter 3 2025 Data Set, August 2025
[30] https://www.nytimes.com/2025/07/22/business/steel-prices-tariffs.html
[31] https://www.dot.ny.gov/main/business-center/contractors/construction-division/fuel-asphalt-steel-price-adjustments
[32] https://tradingeconomics.com/commodity/copper

delays the modernization of public transit infrastructure and impedes the state's progress toward its emissions reduction goals.

Energy

New York State's energy sector employs over 40,000 workers across electricity, natural gas, and renewable energy industries, and contributes over $46 billion to the State's economy annually.[33] While powering the state's electrical grid, heating, and utility transmission, this industry also invests in clean energy and energy efficiency. With a growing focus on renewables including hydroelectric power, wind, and solar, the industry plays an essential role in balancing economic development alongside New York's commitment to reliability, sustainability and greenhouse gas emission reduction.

Energy delivery is highly sensitive to fluctuations in fuel costs, federal energy policies, and tariffs on equipment such as turbines, solar panels, and transmission materials. Approximately 80% of critical transmission and distribution equipment in the U.S. market is imported, making it vulnerable to tariffs.[34] In addition to equipment, NYS also directly imports energy from Canada.

According to the NYS Department of Public Service (DPS), which regulates utilities in NYS, all utilities have adjusted their budgets to reflect the impacts of tariffs, with some reporting expenditure plan increases of up to 16%. DPS reports some utilities have proactively shifted their operations to absorb tariff price hikes. These shifts include increasing stock of tariff-vulnerable materials, proactively issuing large orders to lock in pricing, working with vendors and manufacturers to redirect or stagger deliveries, and frequently reassessing warehouse space and lead times. Utilities are also exploring opportunities to utilize domestic suppliers, where possible.

However, the recently imposed tariffs are unprecedented in both scope and magnitude have not been fully factored into the utility companies' current supply agreements and existing contracts. When utilities are forced to absorb their suppliers' cost increases from tariffs, that cost will ultimately show up on the customers' bills.

In a March 2025 report to Governor Hochul, NYS DPS, New York State Energy Research Development Authority (NYSERDA), the Department of Homeland Security and Emergency Service (DHSES) reported the following potential increases related to tariffs [35]:

- Electricity costs could increase by $42 million per year
- Heating oil costs could increase by $57 million per year
- Diesel costs could increase by $48 million per year
- Propane costs could increase by $16 million per year
- Gasoline prices could increase by $26 million per year

In addition to significant increases to residential utility bills, today's advanced manufacturers require higher volumes of electricity to operate. Tariffs on energy generation undermine the Governor's efforts to reshore manufacturing and create the high-quality jobs offered by next-generation manufacturing firms.

[33] Lightcast Quarter 3 2025 Data Set, August 2025
[34] https://taxfoundation.org/blog/american-energy-tariffs-oil-gas/
[35] https://www.news10.com/wp-content/uploads/sites/64/2025/03/B024B095-0000-C014-8501-51B533D15B9D.pdf

CASE STUDY: In April 2025, President Trump halted construction on the Empire Wind project, jeopardizing thousands of construction jobs and threatening a project that, when complete, will generate enough electricity to power 500,000 NYS homes. While the project was ultimately allowed to continue, tariffs are now increasing project costs by an estimated $300 million.

https://www.workboat.com/wind/equinor-reports-995-million-impairment-on-empire-wind

CASE STUDY: Costs for upgrading New York's utility infrastructure have spiked due to "inflation, higher interest rates, supply chain disruptions….and the rising risk and uncertainty from tariffs" – New York State Public Service Commission

https://nysfocus.com/2025/09/18/new-york-energy-bill-hikes

Healthcare

Healthcare is one of the State's largest sectors, encompassing a wide range of employers including hospitals, clinics, long-term care facilities, and medical research institutions. The sector employs nearly 1.9 million workers and contributes approximately $180 billion to the State's economy.[36] Healthcare is significantly affected by federal tariff actions, which increases the costs for imported medical equipment, pharmaceuticals, and critical medical supplies. These higher costs strain hospital budgets, restrict access to cutting-edge technologies, and ultimately compromise the quality of patient care. Rural hospitals are particularly vulnerable to such price pressures because of their limited purchasing power and narrow operating margins. Additionally, proposed federal revisions to Medicaid would have profound implications for New York's entire healthcare system.

According to the NYS Department of Health (DOH), tariffs, both those already imposed as well as the uncertainty and associated speculation of proposed tariffs, have increased the prices of both construction and medical equipment. There have been at least nine NYS DOH-funded capital projects this year that have had scope reductions due to cost escalations.

The U.S. healthcare system is heavily reliant on imported medical supplies and equipment. As tariffs increase production costs and disrupt supply chains, there is a risk of market shortages, which could compromise patient care as well as research and development efforts to improve public health.

- 43% of active ingredients for U.S. brand-name medications are manufactured in Europe, with recent tariff actions poised to add billions of dollars in costs to these medications for patients.[37]
- Tariffs also impact generic medications – the majority of U.S. prescriptions – that are typically sourced from India and China. Reciprocal tariffs could increase the price of generic cancer drugs by up to $10,000 for a six-month prescription.[38]

[36] Lightcast Quarter 3 2025 Data Set, August 2025
[37] https://www.nytimes.com/2025/07/28/health/trump-drug-tariffs-europe.html
[38] https://www.cbsnews.com/news/threat-of-future-tariffs-pharmaceutical-imports-alarms-health-care-community/

- Tariffs threaten to disrupt the nation's supply of antibiotics, as thin profit margins make them vulnerable to shortages and U.S production is extremely limited.[39]
- Health insurance companies across the State are proposing raising premiums more than they otherwise would due to tariffs' impact on medication costs.[40] According to the NYS Department of Civil Service, UnitedHealthcare's estimate for tariff impacts for the Empire Plan Medical Program is $14.5 million for 2026.
- Federal immigration policies under the Trump administration have raised significant concerns about the impact on New York's healthcare sector. This impact could be particularly severe in long-term care, where immigrants constitute nearly 30% of the direct care workforce, providing essential services to the elderly and individuals with disabilities.[41] A sustained crackdown on immigration could exacerbate existing healthcare staffing shortages, disrupting patient care and threatening the stability of a sector that relies heavily on these workers for everything from daily nursing to physical therapy.

CASE STUDY: "Eight in 10 biotech firms say it will take a year or more to reshore supply chains. Almost half say it could take more than two years. Drug shortages will follow." –President of the Staten Island Chamber of Commerce

https://ebs.publicnow.com/view/DCB39C5D7EC5DD827BF8AD9B70AD8FC7A36EDFC7

CASE STUDY: Analysis from the Greater New York Hospital Association (GNYHA) and the Healthcare Association of New York State (HANYS) estimates there will be 34,000 lost hospital jobs and a cumulative $14.4 billion in lost hospital-generated economic activity as a result of recent federal legislation.

https://www.publicnow.com/view/0813F37123FBFC61E4717BE15457AE22ACEF8BDB

Labor and Employment

Under Governor Hochul, New York State's job creation rate is outpacing the national rate.[42] A skilled and ready workforce not only benefits hard-working New Yorkers, but attracts business investment, building a robust worker-centric economy. The State's talent pool, spanning sectors like finance, healthcare, technology, and manufacturing, makes New York an attractive place to invest and grow. However, New York's workforce advantage is under threat. Federal tariffs are increasing the cost of doing business and making it harder for companies to invest in their employees.

[39] https://www.nytimes.com/2025/08/23/health/prescription-drugs-manufacturing-tariffs.html
[40] https://www.kff.org/quick-take/tariffs-are-driving-2026-health-insurance-premiums-up/
[41] https://www.kff.org/medicaid/issue-brief/what-role-do-immigrants-play-in-the-direct-long-term-care-workforce/
[42] Current Employment Survey, New York State Department of Labor and US Bureau of Labor Statistics, through August 2025

CASE STUDY: The Business Roundtable, an association of 200 CEOs from leading U.S. firms, finds that plans for hiring and capital investment are decreasing under recent tariff announcements. The driving force behind the decline is "broad-based uncertainty, arising substantially from an unpredictable trade policy environment".

https://www.businessroundtable.org/media/ceo-economic-outlook-index/ceo-economic-outlook-index-q2-2025

CASE STUDY: According to the North Country Chamber of Commerce, 20% of workers in Plattsburgh and its surrounding county are either employed by Canadian companies or rely on cross-border trade.

https://wjffradio.org/new-york-farms-and-factories-left-scrambling-amid-uncertainty-around-trump-tariffs/

As a result, early warning signs are emerging that private-sector hiring is slowing. According to the July 2025 edition of the Federal Reserve analysis of Economic Conditions, for New York State, "Hiring proceeded cautiously in part because of ongoing policy uncertainty,"[43] with one Wells Fargo senior economist noting, "To see three months in a row of fewer than half of the industries adding jobs is unprecedented outside of a recession".[44]

The NYS Department of Labor (DOL) estimates there are 500,000 jobs exposed to negative impacts from tariffs. These jobs are largely within key sectors, including food manufacturing, computer and electronics manufacturing, and metal manufacturing. Even workers whose jobs remain secure typically do not benefit from tariffs. Studies of the 2018 tariffs found they increased prices and profits, but wages only increased by a little over $1 per week.[45]

CASE STUDY: According to the Federal Reserve Bank of New York, an employment agency in upstate New York reported that "jobs were harder to get; workers were staying put, and attrition remained extremely low."

https://www.federalreserve.gov/monetarypolicy/beigebook202508-new-york.htm

Manufacturing

Governor Hochul's initiatives have positioned NYS in as a national leader in attracting new manufacturing investments and creating high-quality jobs, particularly in next-generation manufacturing sub-sectors including semiconductor manufacturing. Today, New York's manufacturing sector employs over 400,000 people and continues to benefit from a highly skilled workforce, world-class research institutions, and a dynamic innovation ecosystem to drive productive, exports, and technological advancement.[46].

However, rising costs from tariffs on imported components and materials place added financial pressure on businesses, potentially slowing New York's momentum in bringing back manufacturing. Early indicators include:

[43] https://www.federalreserve.gov/monetarypolicy/beigebook202507.htm
[44] https://www.wsj.com/economy/jobs/jobs-report-july-2025-unemployment-economy-8bc3ad8e?mod=Searchresults_pos2&page=1
[45] https://www.epi.org/publication/unions-raise-wages-tariffs-dont-why-trumps-trade-policy-wont-help-u-s-workers/
[46] NYS Department of Labor, Quarterly Census of Employment and Wages

- According to the September 2025 Empire State Manufacturing Survey, “New orders and shipments fell sharply...and supply availability worsened...optimism remains subdued”.[47]
- Computer and electronic product manufacturing imports more than 20% of necessary inputs[48], making this one of the State’s most susceptible manufacturing subsectors. In NYS, this affects 725 computer and electronic manufacturing firms, employing 32,000 New Yorkers.[49]
- A regional survey of New York and New Jersey manufacturers found that essential input costs have increased by an average of 20% since tariff announcements began. Approximately three-quarters of manufacturers passed along some of these costs to customers, through increased prices. Almost half of manufacturers reported a decrease in their bottom lines.[50]
- New York manufacturers are substantially exposed to trade tensions with Canada and Mexico. According to the President of the Business Council of New York State, “Our state’s employers produce over $20 billion in goods that are purchased between Canada and Mexico and account for nearly a million jobs”.[51]

CASE STUDY: “We have put a halt on our facility upgrade plans and have also stopped the imports. We will not be able to meet our customer demand without an outside supply source but we had to put a stop to our normal business plan due to the trade war...”— President of a manufacturing company in the North Country.

https://www.uschamber.com/small-business/american-workers-businesses-consumers-trade-tariffs

CASE STUDY: "It is very hard to forecast what your pricing is going to be a year or two from now because some contracts are multiyear contracts. So how do you navigate that? It's a good question, I wish I had the answer. It's challenging… it's uncharted territory." – President of manufacturing company in Western New York.

https://www.wgrz.com/article/money/business/tariff-concerns-for-buffalo-printing-plant-higher-costs/71-76b6d54b-630a-41db-9d07-795c9c6b55f6

[47] https://www.newyorkfed.org/medialibrary/media/Survey/Empire/empire2025/ESMS_2025_09.pdf
[48] https://equitablegrowth.org/tariffs-impact-u-s-industries-differently-with-manufacturing-the-most-exposed/
[49] Lightcast & NYS Department of Labor Quarter Census of Employment and Wages
[50] https://libertystreeteconomics.newyorkfed.org/2025/06/are-businesses-absorbing-the-tariffs-or-passing-them-on-to-their-customers/
[51] https://www.bcnys.org/news/statement-canada-mexico-tariffs

CASE STUDIES:

- One Batavia manufacturer estimates that tariffs will cost the company between $2 million - $5 million this fiscal year.
- One of Western New York's largest employers estimates that tariffs will result in an up to $20 million impact on its operating profits during its current fiscal year.
- A survey of Buffalo Niagara Manufacturing Alliance members in August found that 36% of members were passing along additional costs from the tariffs to customers, 9% were absorbing the additional costs, and 55% were doing a combination of the two.

https://buffalonews.com/news/local/business/article_c692a718-6742-42f8-a462-38184a2c6b08.html

Retail and Small Business

Retail and small businesses comprise 98% of all New York's businesses and range from Main Street independent shops and restaurants to larger retail chains serving local and regional markets. Small businesses employ 40% of the State's private-sector workforce.[52] Tariffs on imported goods and materials increase costs for everything from product inventory to store fixtures, squeezing already tight margins for small business owners and entrepreneurs.

- According to a recent analysis by the Federal Reserve Bank of Atlanta, 86% of companies in the U.S that import goods by sea have fewer than 50 employees. Unlike large firms, small businesses typically import goods from one supplier in one country, which makes them more vulnerable to tariff increases. Due to their size and limited supply chain options, these small businesses have less leverage to negotiate favorable pricing. [53]
- A National Small Business Association Survey found that 49% of small business owners reported their business had been impacted by tariffs. Support for tariffs among business owners dropped by nearly half – declining from 22% in January 2025 to just to 12% in May 2025, as effects of the new tariff policies began to materialize.[54]
- According to a U.S Chamber of Commerce survey, 70% of small business owners report paying higher prices for goods and services, and 60% report raising prices in response.[55]
- The NYS Office of Cannabis Management (OCM) reports that larger cannabis businesses have been able to stockpile supplies in advance of tariffs or otherwise absorb the costs, while the smaller businesses struggle, with one small business owner reporting, "Where can I cut if I'm at….the lowest possible inputs? The only other option is to cut back on labor".
- Several state agencies and authorities that participate in the Minority- and Women-Owned Business (MWBE) program note that tariffs are affecting MWBEs by:
    - Injecting confusion and causing delays or increased changes to vendor quotes;
    - Increasing costs for goods and services and delaying delivery timelines; and,
    - Leading to supply-chain disruptions and challenges in accessing materials.

[52] https://esd.ny.gov/sites/default/files/media/document/2024-ESD-ANNUAL-REPORT-ON-SMALL-BUSINESSES.pdf
[53] https://www.nytimes.com/2025/09/29/business/trump-tariffs-small-businesses.html
[54] https://www.nsbaadvocate.org/_files/ugd/fec11a_b3041a3299ec414f809e311c99414f34.pdf
[55] https://www.uschamber.com/small-business/small-business-faq-what-you-need-to-know-about-tariffs

CASE STUDY: A small business in Long Island has struggled to source products from American markets to avoid tariffs. According to the owner, "I have no control over where my vendors get their inventory from, so it makes it extremely hard for me to control anything"

https://nrf.com/blog/small-retailers-sound-the-alarm-on-broad-based-tariffs

CASE STUDY: "The uncertainty is the worst part. If we just knew if it was 10%, 20%, you could plan for that accordingly" – Owner of an apparel store in the Capital Region.

https://www.timesunion.com/business/article/tariff-exemption-de-minimis-ending-trump-21026570.php

CASE STUDY: "…this unexpected fee was devastating. I couldn't factor the tariff into my product pricing without making items unaffordable for customers." - Small business owner in NYC.

https://www.uschamber.com/small-business/american-workers-businesses-consumers-trade-tariffs?state=ny

Tourism and Entertainment

New York State is a year-round destination for visitors. Attractions such as Long Island and New York City, the Catskill and Adirondack Mountains, the Thousand Islands, the Finger Lakes and Western New York make tourism a major driver of the State's economy. In the months before the 2025 Presidential inauguration, Governor Hochul announced record tourism numbers, with 315 million visitors to the State in the previous year, generating an overall economic impact of $145 billion.[56]

CASE STUDY: "It has been as dramatic as when the border was closed" – Restaurant owner in the North Country, referring to the decline in Canadian tourists.

https://www.northcountrypublicradio.org/news/story/52362/20250921/north-country-businesses-on-how-tariffs-and-border-traffic-are-impacting-them

Currently, strained international relations as a result of tariffs and other federal policies are now deterring foreign travelers.

- The NYS Office of Parks, Recreation, and Historic Preservation has reported an increase in Canadians canceling overnight camping reservations, representing a revenue loss of over $147,000 in 2025.
- 400,000 fewer visitors from Canada came to New York in May of 2025 as compared to May 2024.[57]

[56] https://www.governor.ny.gov/news/governor-hochul-announces-record-setting-tourism-milestones-new-york-state
[57] https://www.waer.org/local-news/2025-06-24/canadian-tourism-to-new-york-drops-sharply-raising-concerns-for-summer-economy

- According to an April 2025 survey, 60% of Canadians said current U.S policies, trade practices and political statements make them less likely to travel to the U.S., with 36% reporting they had canceled plans to travel to the U.S.[58]
- In another survey, only 10% of Canadians planned to visit the U.S in the summer of 2025, down from 24% in 2024. Tariffs were cited as the main deterrent by 64% of respondents.[59]

Federal tariffs and antagonistic actions towards international visitors have created ripple effects that are constraining New York's tourism sector. Higher costs, uncertainty in travel markets, and shifting consumer behavior are impacting businesses across the state, from small hospitality providers to major attractions. These pressures not only slow growth in a key economic driver but also highlight the broader vulnerability of industries tied closely to global trade and visitor activity.

CASE STUDY: The April 2025 North Country Chamber of Commerce Study of local hospitality businesses found:

- 66% of businesses are experiencing a decrease in Canadian bookings.
- 59% report that 25%-50% of their revenues are derived from Canadian visitors.
- 26% have decreased staffing in response.
- 75% cite the political climate and tariffs are the primary drivers of the decline.

https://www.nystia.org/news/north-country-chamber-releases-snapshot-of-tariffs-impact-on-canadian-visitation

CASE STUDY: "What's our plan? How do we bring newer audiences… that Canadians normally filled? Losing $20,000 per month, for us, it's big dollars."- CEO of a Museum in Western New York.

https://buffalonews.com/news/local/business/article_725df52a-1552-4a9e-be72-353842fd20a3.html

Conclusion

The findings of this report serve as a critical benchmark in New York's ongoing efforts to address the economic challenges and uncertainties created by tariffs and other federal actions. By proactively monitoring costs increases and supply chain disruptions, New York State is positioned to analyze the real-world consequences to what was previously projected as continued growth and prosperity for New York. The stifling effects of recent federal policies and actions are under close scrutiny, following Governor Hochul's directive to state agencies to provide a comprehensive assessment of the impacts to New Yorkers of the Trump Administration's policies.

Governor Hochul will continue to ensure state agencies and authorities support the needs of residents and businesses of New York. The Governor's commitment is absolute: to deploy every available resource and policy tool to maintain economic stability and prosperity for all New Yorkers.

[58] https://longwoods-intl.com/case-studies/canadian-travel-sentiment-towards-the-us/
[59]https://www.nystia.org/storage/files/7257248/Oh%20Canada%20-%20US%20Tensions%20and%20Tourism%20Webinar%20-%20July%202025.pdf