## News



Magnets depicting Pope Francis are seen in a file photo along a street vendor's souvenir stand in downtown Rome. (OSV News/Reuters/Max Rossi)

Gina Christian

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Several religious goods industry professionals told OSV News they're not yet sure how the Trump administration's new tariffs will impact their business operations — and the consumers who patronize their firms.

"We are still trying to figure that out, to be honest," said Bridget Bowden, board president of the National Church Goods Association in Glen Ellen, Illinois.

President Donald Trump announced sweeping new import taxes, or tariffs, April 2 in a move to create what he called a "reciprocal" trade plan that would reset U.S. international commerce.

Under the plan, almost all U.S. trading partners have been subjected to a minimum 10% tariff, with some 60 nations facing much higher rates — and China topping that list at 145%.

The tariffs have sparked market disruptions and set a number of nations scrambling to negotiate with the administration, which has responded with an on-again-off-again sequence of directives about the tariffs.

On April 9, the Trump administration put a 90-day pause on the higher tariffs for most countries, while keeping the 10% minimum in place along with China's 145% rate. China has responded with an 84% tax.

"The tariffs definitely — if they are staying in place — will make a difference, especially for retail items," Bowden told OSV News. "We will be seeing increases in our cost, which turn (into) increases for customers."

"If it comes in with a tariff, it's going to have to reflect that price," said James Dean, president of William J. Hirten Co., a wholesale religious goods distributor based in Attleboro, Massachusetts.

The company has posted an alert on its website, advising customers that while current prices are in place through May 19, "due to fluctuating tariffs, any backordered items may be subject to price changes."

Much of the uncertainty is down to the supply chain for religious goods and their component materials, which spans a number of countries.

Sacramental wine and Communion hosts for use in the U.S. are typically produced by domestic suppliers, as are a fair share of liturgical vestments.

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However, China is a source for "some sculpture and artwork," as well as "smaller gift items," said Louis DiCocco III, president of the St. Jude Shop and St. Jude Liturgical Arts Studio in Havertown, Pennsylvania.

The Asian nation also supplies a significant proportion of the world's marble — although the European Union, and in particular Italy, remain the top exporters.

European Union nations typically supply a hefty share of religious goods to the U.S., including statuary and artwork, with DiCocco citing Spain, Italy, Belgium and Poland as locations for some of his suppliers.

Along with products' various countries of origin, "there's a chain of people involved in importing goods," said Robert C. Johnson, an international economist and associate professor at the University of Notre Dame.

Links in that chain include "a particular firm that imports the goods from a foreign exporter directly," as well as "a firm that might sell that onto another warehouse or wholesaler firm," he said. "And then there's a wholesaler that might sell it to a retailer, and then there's a retailer who might sell a good ultimately to a customer."

That schema is "for very simple goods," Johnson said — but "if we import something as an input to other products, the chain gets even more complicated."

And "as stuff gets passed along the chain, there's value added by each of those agents along the chain," he said.

At the same time, Johnson clarified, it is "not always the case that the tariff is 100% passed through to the importing firm."

In practice, he said, "if it's the case that import prices go down," with foreign suppliers opting to "eat some of the tariff in the form of lower markups on what they sell to U.S. importers, then it may be the case that only a fraction of the tariff really shows up at the import price."

Amid the flux, DiCocco and Dean told OSV News that they remain largely optimistic, with DiCocco noting a post-COVID rebound in the industry, which he said encompasses a range of businesses, from small family outfits to large-scale suppliers.

Dean said that despite the possible price hike, "it's about time" for an increase in tariffs.

"Everybody got used to cheap prices," he said. "There are so many factories out of business now, because of everything that's sent over to China. A lot of the religious article companies are now out of business. ... It's devastating to see what has happened to the industry."

Yet Johnson cautioned that the "tit-for-tat" tariff battle with China will likely drag on, while the "beggar thy neighbor" effects of tariffs — which benefit the tariff-leveraging country at the expense of other nations — can "trigger retaliation" that if unresolved can erode global trade relationships.

"If the current turmoil leads to genuine negotiations that stabilize the global trading system, then that would be a good outcome," said Johnson, adding that he remained "skeptical."

"First, the 'deals' under discussion are mostly just policy promises, not binding commitments," he said. "Second, I think the Trump administration has already burned a lot of its credibility as a negotiating partner. If other countries can't trust what we say, and anticipate what we will do, then it will be hard to come to any lasting agreement."

This story appears in the **Trump's Second Term** feature series. <u>View the full series</u>.