



What is a tariff?

KS2 KS3 Ages 7-14 ⌚ 4 min read

You're in a supermarket and you pick up a bag of imported oranges. The price on the label is £1.50. But here's something you probably don't know: part of that price isn't the cost of growing, picking, or shipping those oranges. It's a tax your government added the moment they crossed the border. That tax is called a tariff.

What exactly is a tariff?

A tariff is a tax that a government puts on goods coming in from another country. When a ship full of American steel or Chinese electronics arrives at a British port, customs officials check what's on board. If there's a tariff on that type of product, the importer has to pay a percentage of its value to the government before they can sell it.

That extra cost doesn't disappear — it gets passed down the chain. The importer charges the retailer more. The retailer charges you more. So tariffs quietly push up prices for ordinary shoppers, even though they never see the bill.

🎮 Imagine your school had a rule: if you bring in a packed lunch from home, you have to pay 20p at the gate. If you buy from the canteen, there's no charge. That 20p is basically a tariff — it makes the outside option more expensive and nudges everyone towards the school canteen instead. Governments do the same thing with imported goods to nudge people towards buying from their own country.

Why do governments use them?

Tariffs are usually used for one of three reasons. The first is to **protect local industries**. If foreign factories can make steel more cheaply than domestic ones, local steel workers lose their jobs. A tariff on imported steel makes foreign steel more expensive, giving local producers a fighting chance.

The second reason is as a **bargaining chip**. Countries threaten tariffs — or actually impose them — to pressure trading partners into doing what they want. It's economic leverage.

The third reason is simply to **raise money**. For most of human history, before income taxes existed, tariffs were how governments funded themselves.

What's the downside?

Tariffs sound protective, but economists argue they often backfire. When you make imports more expensive, you're effectively choosing winners and losers. Yes, steel workers might keep their jobs — but every industry that uses steel (car makers, builders, appliance manufacturers) now pays more for their raw materials, which makes their products more expensive too.

And when one country raises tariffs, the other usually retaliates. That's how trade wars start — a cycle of tit-for-tat tariffs that ends up making everyone worse off.

The 2025 trade war in a nutshell

In 2025, tariffs became front-page news when the United States imposed sweeping tariffs on goods from dozens of countries — including some of its closest allies. The argument was that America had been treated unfairly in trade for years and needed to level the playing field. Critics said it would push up prices for American consumers and damage global trade. Both sides had a point. That tension — protect your own versus trade freely — is what makes tariff debates so complicated and so persistent.