Addressing the Impacts of Changing U.S. Trade Policy

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COLORADO
Office of Economic Development & International Trade

COLORADO
Department of Agriculture

COLORADO
Department of Labor and Employment

STATE OF COLORADO

Office of Economic Development and International Trade

Colorado Department of Agriculture

Colorado Department of Labor and Employment

COLORADO
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Executive Summary

Pursuant to Executive Order D 2025 008, Colorado's Office of Economic Development and International Trade (OEDIT), Department of Agriculture (CDA), and Department of Labor and Employment (CDLE), consulted with key stakeholders, businesses, and parties regarding the impact of U.S. tariff policies. Across agencies and stakeholders, several themes emerged, including the challenge of business planning amidst general uncertainty, strained existing markets, specific material and input price increases, and sourcing and supply chain disruptions. Businesses are currently absorbing costs due to tariffs and higher input prices, but these impacts will eventually be passed onto consumers. In order to support businesses and consumers in navigating these issues, agencies have developed response plans focused on direct financial support such as loans or unemployment benefits, industry and global partnerships to bolster Colorado as a prime location to do business, and continued monitoring of tariff impacts and engagement with impacted stakeholders.

Office of Economic Development and International Trade (OEDIT)

The Colorado Office of Economic Development and International Trade (OEDIT) has interviewed Colorado businesses, with findings indicating that tariffs have an overwhelmingly negative impact, primarily causing financial burdens, uncertainty in planning, and operational hurdles. The primary challenge lies in the financial and cost burdens imposed by tariffs, which act as a tax on imports, diverting funds from research and development (R&D) and staff salaries, leading to competitive disadvantages and price increases. Small business owners feel these impacts most acutely because they operate with thinner margins and fewer resources to absorb sudden cost increases. In turn, they can face agonizing choices about reducing salaries, laying off employees, or even ceasing operations. In rural communities in particular, these impacts ripple throughout local economies.

OEDIT plans to focus on enhancing the marketing of financial support programs already underway, including low-interest loans, and leveraging existing initiatives for small businesses. OEDIT also aims to reduce uncertainty by amplifying business support resources, such as the World Trade Center Denver, and tackling market challenges through a partnership with the Colorado Department of Agriculture to strengthen export relationships. Importantly, although stakeholders have noted some positive benefits from tariffs, such as increased competitiveness of some domestic manufacturing and supply chain efficiency gains when forced to reduce costs, their positive impact was considerably less than the negative consequences reported by businesses.

Colorado Department of Agriculture (CDA)

The new and constantly evolving U.S. tariff policy has heightened market uncertainty for agricultural producers and businesses. Over the past 100 days, CDA leadership and staff have engaged with a wide range of agricultural stakeholders, including producers, business owners, and agricultural associations across the country to understand current and anticipated impact of new tariff policies.

Colorado producers and agricultural businesses are experiencing higher equipment and materials prices, sourcing challenges, and general uncertainty about business conditions. Prices for raw commodities are in flux, with beef hitting record highs and grain hitting historic lows. This fluctuating environment is creating instability in the marketplace and making farmers' lives unpredictable. Conversely, some producers and partners are seeing or anticipating emerging opportunities from the changing market landscape.

CDA's response plan focuses on program services and resources to build strong trade relationships, support businesses in adjusting their international marketing strategies, encourage the growth of domestic supply chain alternatives, and bolster local market prospects. Additionally, CDA's plan leverages the agency's existing standard for industry engagement to advance discussion of emerging economic impacts on the agricultural sector. Using CDA's Multi-year Strategic Plan as the foundation for the response, CDA will focus on four pillars that serve as a guiding framework for CDA programs to address emerging impacts:

1. Strong Global Partnerships
2. International Trade & Business Repositioning
3. Domestic Supply Chain & Local Markets Development
4. Economic Discussion and Engagement

Colorado Department of Labor and Employment (CDLE)

The Colorado Department of Labor and Employment has evaluated its ability to adapt existing services in response to the changing U.S. tariff landscape and the economic scenarios outlined in the Governor's Office of State Planning and Budgeting (OSPB) tariff report, identifying critical programs and resources available to address the impacts on Colorado.

CDLE's response plan aims to support Colorado employers and workers through several measures. CDLE aims to increase utilization of job separation and layoff alternative resources within the Division of Employment and Training (E&T). In tandem, CDLE will create sector-specific marketing materials that assist in raising awareness regarding active critical support services for workers facing job separations and businesses considering layoffs in Colorado, amidst rising costs driven by tariffs. Additionally, CDLE's Labor Market Information (LMI) office will continue to monitor recent initial claims filed with the Division of Unemployment Insurance (UI) for any indicators of upward trends in industries vulnerable to the current U.S. tariff policy. Finally, CDLE's UI Division is focused on improving claims processing timelines to meet the potential needs of Coloradans.

Section 1: Office of Economic Development and International Trade (OEDIT)

I. Background and Plan Development

OEDIT's plan was built in consultation with Colorado-based businesses impacted by the new U.S. tariff policy. OEDIT interviewed 22 Colorado-based businesses across a variety of sectors such as construction, retail, bioscience, technology, manufacturing, and energy. **Appendix A and B** provide detailed interview data.

II. Response Plan and Recommendations

The plan focuses on tariff-related support and opportunities for funding, targeting the key challenges identified in company interviews where OEDIT can have the most impact: addressing financial and cost challenges, mitigating uncertainty and operational hurdles, and combating customer prices and market challenges.

Financial and Cost Challenges are the direct and indirect monetary impacts of tariffs on companies, such as the cost of tariff payments on imports, warehousing, and additional personnel hours. From interviews, tariffs are seen by stakeholders as a tax that funnels money away from areas such as research and development (R&D) and employment, potentially leading to a competitive disadvantage and a reduction in budgeted expenses. Tariffs hurt companies' money flow, as companies have to cover increased product prices, negotiate with suppliers to lower costs, and pay money owed for purchasing the imports.

1. **OEDIT Recommendation:** Increase awareness of low-interest loan programs to help cover unexpected costs from tariffs, warehousing fees, additional personnel hours, and find or transition to new manufacturing locations. There is a specific need to provide greater marketing of the following programs:
   - Cash Collateral Support
   - Colorado Startup Loan Fund
   - Other Small Business Support Programs
2. **OEDIT Recommendation:** Support Colorado small businesses by helping them navigate and evaluate financing options, including bank loans, Small Business Administration Loans (SBA) Community Development Financial Institutions (CDFIs) loans, mission-based lenders, and existing OEDIT loan programs. OEDIT also plans to host roundtables with stakeholders to guide lenders. These activities will track companies and challenges related to tariff impacts, with support from OEDIT marketing and communications.

Uncertainty and Planning Issues and Operational and Strategic Hurdles include the unpredictable nature of tariffs, which make strategic planning difficult for companies. Changing policies create challenges in planning for investments, hiring, and pricing, forcing companies to constantly re-evaluate their business models. Tariffs are causing companies to divert employee time and energy away from core business activities to deal with their complexities. Time is spent navigating rules, tracking news, and communicating with various parties, creating a significant opportunity cost for the business.

1. **OEDIT Recommendation:** Amplify the World Trade Center Denver, which connects firms with experts for classification guidance and cost-saving advice. OEDIT will continue to support the World Trade Center Denver and refer businesses to this resource.
2. **OEDIT Recommendation:** Ramp up advising related to marketing and business export and import navigation, business resiliency, and strategic planning.

Customer Prices and Market Challenges include the negative effects of tariffs on companies' abilities to sell their products and maintain positive relationships with customers. Companies have experienced customer backlash and a loss of sales in international markets due to the political climate and strained relationships between countries.

1. **OEDIT Recommendation:** Continue and expand collaboration with the Colorado Department of Agriculture (CDA) to enhance Colorado's perception as a prime location for businesses, bolster support for Colorado exporters, and cultivate stronger relationships with key export partner countries. This collaboration can include:
    a. **Joint event planning**: Explore opportunities for co-hosted events, such as receptions with CDA, to engage with delegations and stakeholders.
    b. **International mission engagement**: Build upon successful joint meetings with CDA and high-level international agricultural representatives during trade missions. This collaboration involves discussing best practices, building strategies for expanding and strengthening relationships with international producers and ranchers, and integrating OEDIT programming with agricultural initiatives. Follow-up activities can include attracting international agricultural tech delegations to Colorado.

III. Summary of Stakeholder Engagement

OEDIT's interviews with business leaders, conducted to gather both qualitative and quantitative data on U.S. tariff policy, involved identifying and categorizing specific tariff benefits and challenges. Leaders then assigned impact weights to each category, which are numerical values reflecting the category's potential to help or harm their business, and rated their performance on a 1-10 scale before and after tariff implementation. The findings overwhelmingly indicate that tariffs are viewed negatively, with challenges accounting for 86% of the impact compared to 14% for benefits. Businesses reported being worse off across nearly all categories since the new tariff policy was implemented in April 2025. OEDIT interviewed 22 Colorado-based businesses across a variety of industry sectors such as construction, retail, bioscience, technology, manufacturing, and energy.

Breakdown of Challenges

The interviews reveal several specific pain points for Colorado businesses:

1. **Financial & Cost Challenges**: This is the challenge which businesses said had the most impact, weighting this at 42/100. They noted that, before tariffs, they felt that they generally had their finances and cost structures under control, with a score of 7.2/10 in this category. After tariffs, this score dropped to 2.3/10. This result highlights the direct monetary harm of tariffs, which includes tariff payments on imports, warehousing, and increased personnel costs, as well as the diversion of funds from key areas such as R&D.
2. **Uncertainty & Planning Issues:** This is the challenge which businesses said had the second most impact, weighting this at 29/100. This challenge is less about direct cost and more about

the instability tariffs create. Business leaders' level of confidence in their ability to plan plummeted from 8.7/10 (before tariffs) to 2.4/10 (after tariffs), indicating that the unpredictable nature of these policies has made strategic long-term planning difficult for companies.

3. **Customer Prices & Market Challenges:** With a 11/100 impact weighting and a score drop from 7.8/10 (before tariffs) to 2.4/10 (after tariffs), businesses have experienced negative effects on sales and customer relationships. Leaders are concerned about customer backlash and a loss of market share in international markets, citing specific instances that businesses have lost global contracts due to a general anti-American sentiment.
4. **Supply Chain & Production Hurdles:** This category has a 6/100 impact weighting, with a score drop from 8.3/10 (before tariffs) to 2.5/10 (after tariffs), suggesting a fundamental disruption to manufacturing and distribution networks. Companies are navigating the difficult and costly process of finding new production locations and a lack of viable alternatives to current suppliers, especially for materials that are only manufactured overseas.
5. **Operational & Strategic Hurdles:** With a 7/100 impact weighting, this challenge reflects the time and energy employees and leaders spend navigating the complexities of tariffs, diverting them from core business activities. The score dropped from 8.9/10 (before tariffs) to 1.6/10 (after tariffs), highlighting this significant opportunity cost.
6. **Broader Business & Societal Impacts**: With a 6/100 impact weighting, this challenge highlights the non-financial consequences of tariffs that affect company culture, leadership, and external perception. This includes the emotional and mental stress on business owners and the negative impact on the reputation of American businesses in the global marketplace. The score dropped from 8.3/10 (before tariffs) to 2.2/10 (after tariffs), meaning this category is performing poorly relative to April.

Breakdown of Benefits

While the interviews explored potential benefits of the current U.S. tariff policy, these were considered far less impactful; 8 out of 22 interviewed company leaders identified benefits.

1. **Increased Business & Domestic Manufacturing:** This is considered the primary benefit of tariffs, accounting for 63/100 of the total benefits impact weighting. The performance score increase is substantial, moving from 3.6/10 (before tariffs) to 7.0/10 (after tariffs); however, leaders indicated that this benefit has not been realized yet and remains a future possibility. The advantage in this category stems from tariffs making foreign goods less competitive, thereby giving a direct or indirect edge to U.S.-based companies and domestic producers.
2. **Supply Chain Optimization & Reshoring:** This is considered the second largest benefit of tariffs, accounting for 31/100 of the total benefit impact weighting. The performance score increase is substantial, moving from 4.3/10 (before tariffs) to 6.8/10 (after tariffs). This shift reflects perceived supply chain benefits of the new U.S. tariff policy, such as incentivizing domestic production, improving logistics, or creating local ecosystems. Business leaders noted that tariffs are expected to incentivize raw material production in the U.S. in the near future.
3. **Improved Advocacy & Industry Connectivity:** This is considered the smallest benefit of tariffs, accounting for 6/100 of the total benefit impact weighting. The performance score for this benefit is substantial, moving from 6.3/10 (before tariffs) to 7.8/10 (after tariffs). This benefit refers to a reinvigorated "all in this together" mentality between suppliers, vendors, and industry partners, with stakeholders working together in response to tariff challenges.

This includes new levels of internal and external collaboration, a shift in organizational culture, and a proactive stance toward building new relationships and refining processes. Businesses are using the new market reality as a catalyst for change and resilience.

In summary, the interview data clearly shows that the negative financial, operational, and strategic impacts of tariffs far outweigh the potential benefits for Colorado businesses. The most acute problems are the direct financial costs and the extreme unpredictability, which have hampered business operations, planning, and future innovation.

IV. Conclusion

OEDIT is committed to working with Colorado businesses to address the challenges presented by U.S. tariff policy. The recommendations outlined in this plan are designed to provide relief to companies, while recognizing that the State cannot change national policy. OEDIT is confident that, by adapting services and collaborating with partners, the agency can help Colorado's economy remain resilient and competitive.

Appendix A. Overall and Challenges of Tariffs Interview Data

Table 1. Challenges vs. Benefits

Category	Definition	Impact Weights	Score Before April Tariffs (1=poor; 10=excellent)	Score After April Tariffs (1=poor; 10=excellent)
Challenges	The challenges associated with tariffs to your business.	86%	8.0	2.0
Benefits	The benefits associated with tariffs to your business.	14%	4.9	6.0

Table 2. Challenges

Category	Definition	Impact Weights	Score Before April Tariffs (1=poor; 10=excellent)	Score After April Tariffs (1=poor; 10=excellent)
Financial & Cost Challenges	The direct and indirect monetary impacts of tariffs on companies, such as the cost of tariff payments on imports, warehousing, and additional personnel hours. Tariffs are seen by stakeholders as a tax that funnels money away from areas such as research and development (R&D) and employment, potentially leading to a competitive disadvantage and a reduction in budgeted expenses. Companies have to cover increased product prices, negotiate	42%	7.2	2.3

	with suppliers to lower costs, and pay money owed for purchasing the imports.			
Uncertainty & Planning Issues	The unpredictable nature of tariffs, which makes strategic planning difficult for companies. The constantly changing policies create challenges with planning for investments, hiring, and pricing, forcing companies to re-evaluate their business models.	29%	8.7	2.4
Customer Prices & Market Challenges	Negative effects of tariffs on a company's ability to sell its products and maintain positive relationships with customers. Increased prices can drop sales. Leaders are concerned about and have experienced customer backlash and a loss of sales in international markets due to the political climate and strained relationships between countries.	11%	7.8	2.9
Supply Chain & Production Hurdles	Disruptions and challenges in company manufacturing and distribution networks caused by tariffs. Includes the need to find new manufacturing locations outside of countries with tariffs— a process that is often time-consuming, expensive, and can lead to quality problems. Many countries lack the necessary infrastructure, skilled labor, and raw materials to serve as viable alternatives to current suppliers.	6%	8.3	2.5
Operational & Strategic Hurdles	Diversion of a company's resources, including employee time and energy, away from core business activities to deal with the complexities of tariffs. This includes time spent navigating rules, tracking news, and communicating with various parties, which creates a significant opportunity cost for companies.	7%	8.9	1.6
Broader Business & Societal Impacts	Overarching, non-financial consequences of tariffs that affect a company's culture, leadership, and external perception. It includes the emotional and mental stress on business owners and the negative impact on the reputation of American businesses in the global marketplace.	6%	8.3	2.2
Challenges Overall			**8.0**	**2.0**

Appendix B. Benefits of Tariffs Interview Data

Table 2. Benefits

Category	Definition	Impact Weights	Score Before April Tariffs (1=poor; 10=excellent)	Score After April Tariffs (1=poor; 10=excellent)
Increased Business & Domestic Manufacturing	Tariffs directly or indirectly lead to more business for U.S.-based companies, often by making foreign goods less competitive. Domestically, tariffs create parity for manufacturers. Tariffs on raw materials as well as whole products encourage purchasing from U.S. manufacturers.	63%	3.6	7.0
Supply Chain Optimization & Reshoring	Supply chain benefits such as incentives for domestic production, improved logistics, or the creation of local ecosystems. Tariffs are expected to incentivize raw material production within the U.S. in the near future.	31%	4.3	6.8
Improved Advocacy & Industry Connectivity	A concerted effort for businesses and stakeholders to work together and evolve in response to tariff challenges. This includes new levels of internal and external collaboration, a shift in organizational culture, and a proactive stance toward building new relationships and refining processes. Businesses are using the new market reality as a catalyst for change and resilience.	6%	6.3	7.8
Benefits Overall			**4.9**	**6.0**

Appendix C. Methodology

OEDIT performed in-depth interviews with business leaders to collect both qualitative and quantitative data to understand their experience with U.S. tariff policy. During these interviews, business leaders were asked to identify and list specific benefits and challenges they were experiencing due to the new tariffs. These points were then grouped into key categories, such as "Financial & Cost Challenges," "Uncertainty & Planning Issues," and "Supply Chain & Production Hurdles." Similarly, benefits were categorized into areas such as "Increased Business & Domestic Manufacturing", “Supply Chain Optimization & Reshoring”, and "Improved Advocacy & Industry Connectivity." Business leaders were then asked to distribute a set number of points (e.g., 10 points) to reflect the relative importance or "impact weight" of each challenge or benefit. Lastly, for each category, businesses were asked to provide a rating (e.g., on a scale of 1=poor to 10=excellent) to score their experience before and after the tariffs were implemented. The impact weights were then normalized to 100 and the performance scores were averaged across all responses.

Section 2: Colorado Department of Agriculture (CDA)

Pursuant to Executive Order D 2025 008, the Colorado Department of Agriculture (CDA) is providing this report outlining a response plan to address the impact of current U.S. tariff policy on Colorado's agricultural sectors. The objectives of this plan are to assess the impacts of tariffs across Colorado's agricultural sectors and identify opportunities to adapt strategic objectives of CDA's market-focused programs. Through these two objectives, CDA will be able to provide effective and timely support in response to shifting economic conditions in Colorado agriculture.

Feedback from Colorado agricultural businesses received by CDA generally aligns with the sentiment that farmers and ranchers anticipate higher material prices, sourcing challenges, and uncertainty due to recent tariffs. Still, CDA's engagement efforts suggest that impact varies among different agricultural sectors. Some stakeholders reported direct or indirect positive effects, while others experienced adverse outcomes or no discernible impact at this time.

I. Background and Plan Development

Over the past 100 days, CDA has engaged with a wide range of agricultural stakeholders, including producers, business owners, and agricultural associations across the country. This effort aimed to gather data and narratives regarding the impacts of the new U.S. tariff policy. The information collected has been compiled into this summary analysis, reflecting the collective feedback and consensus among CDA's agriculture partners.

The changes in U.S. tariff policy have heightened market uncertainty for agricultural producers and businesses nationwide. Unpredictable, fluctuating, and elevated tariff rates can significantly impact prices and access to inputs for agricultural operations, as well as new export requirements and emerging opportunities specific to commodities and global trading partners. The impact of current U.S. tariff policy is likely to vary across agricultural industry sectors, with some segments and businesses able to take advantage of current circumstances to increase market share and enter new markets, while others face increased costs and uncertainty.

CDA's response plan focuses on strengthening current program services that can build strong trade relationships, support businesses in adjusting their international marketing strategies, encourage the growth of domestic supply chain alternatives, and bolster local market prospects. Additionally, CDA's plan will leverage the agency's standard industry engagements to advance the discussion of emerging economic impacts on the agricultural sector. Using CDA's Multi-year Strategic Plan as the foundation for this response plan, CDA focuses on four pillars that serve as a guiding framework to address emerging impacts:

1. Strong Global Partnerships
2. International Trade & Business Repositioning
3. Domestic Supply Chain & Local Markets Development
4. Economic Discussion and Engagement

II. Response Plan and Recommendations

Pillar 1. Strong Global Partnerships

Focus: Strengthen existing global partnerships where opportunities exist and cultivate new international relationships for future collaboration.

Strategic Objectives and Actions: As part of a lead measure for CDA's three-year Market Access Wildly Important Goals (WIG), CDA will complete nine engagements with government officials and agricultural leaders from other countries to build the foundation for future trade opportunities. Last year, CDA completed 10 engagement efforts.[1] Senior leadership and the international marketing staff will adapt the current strategic actions for CDA's market-based programs to strengthen and grow partnerships as CDA monitors the economic shifts in the global agricultural system. Examination of the CDA programs and resources indicates opportunities such as the following:

- Collaborate with the Colorado Office of Economic Development & International Trade (OEDIT) to enhance engagement with traditional trading partners, including Canada and Mexico, by increasing diplomatic efforts on trade missions that foster opportunities for Colorado agricultural producers, businesses, and researchers. An example of this work was the CDA and OEDIT September 2025 mission to Mexico City, which built on the strong relationship between Colorado and Mexico in business and agriculture and elevated women business owners, cattlewomen, entrepreneurs, and fund managers.[2]
- Explore opportunities and partnerships in emerging world markets, including Africa and Asia, to open new export opportunities.
- Leverage new United States Department of Agriculture-Western United States Agriculture Trade Association (USDA-WUSATA) funding and strategies to the benefit of Colorado agriculture exports. The current administration's "Trade Reciprocity for U.S. Manufacturers and Producers" missions are being packaged as opportunities to build diplomatic and business relationships with reciprocal countries and build new market access opportunities; CDA will work with industry representatives to maximize opportunities in new markets.
- Monitor changes in trade policy and international relations to identify challenges and opportunities that impact trade and business relations in the agricultural sector, informing the implementation of strategies outlined in this plan.

Pillar 2. International Trade & Business Repositioning

Focus: Monitor geoeconomic impacts and trends and assist Colorado producers and agricultural businesses in repositioning to minimize challenges and capitalize on emerging export opportunities.

Strategic Objectives and Actions: CDA's international marketing program supports Colorado businesses' marketing efforts and sponsors various international engagement opportunities. With CDA's current Market Access WIG, at least 240 Colorado businesses will gain or expand access to international and national markets by the end of FY26. Last year, the team sponsored 10 trade missions and is aiming to sponsor a similar number this year. As a result of these trade missions, participating companies have reported $10M in sales and a 30:1 ROI for Colorado. These sales and

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[1] Review current Market Access WIG Lead & Lag Measures on Governor's Dashboard.

[2] Colorado Strengthens Ties with Mexico, Champions Women Entrepreneurs and Cattlewomen in Joint Mission Led by OEDIT and Department of Agriculture

shows also support jobs and growth for small and medium-sized companies. Finally, as a standard service, CDA's international marketing staff provides specific technical and resource assistance to agricultural producers and businesses that best align with their marketing goals.

Analyzing the international marketing program and other marketing initiatives reveals further opportunities for CDA to adapt program services, such as the following:

- Reallocate resources and adjust to changing trade situations by shifting activities out of impacted markets and into other markets with existing or new opportunities for growth. Specifically, CDA will work to identify market opportunities with current trade agreements, such as the Central American-Dominican Republic Free Trade Agreement (CAFTA-DR).
- Encourage collaboration and assist Colorado companies in working together to mitigate the increasing costs of shipping logistics. Efforts are underway to consolidate shipping and logistics across Colorado companies to reduce costs and increase efficiency.
- Promote new marketing strategies and opportunities for the continued growth and development of Colorado's climate-smart agriculture through the new Climate-Smart Market Grant and other efforts.[3] Over the years, interest in commodities and products that support climate-smart agriculture has been growing for a large number of global trading partners.
- Expand the Colorado Proud Program[4] to be more dynamic and provide new resources for members. CDA will develop new resources on market expansion to Colorado Proud members through five distinct educational opportunities this fiscal year as a Wildly Important Goal (WIG) lead measure output.[5]

Pillar 3. Domestic Supply Chain & Local Markets Development

Focus: Reinforce the development of Colorado's supply chains and growth of local and regional market opportunities.

Strategic Objectives and Actions: Further examination of CDA's marketing and economic strategic objectives reveals a strong foundation of domestic market support, with programs aiming to strengthen local and regional supply chains and support the cultivation of new, local market opportunities. Opportunities to advance CDA's services around supply chain and market development include the following:

- Explore options for sourcing ingredients and materials locally and from alternative suppliers to support Colorado businesses and lower input costs. Tariffs on products imported into the U.S. are increasing input costs for producers and businesses. These include foreign ingredients and various packaging materials, such as bottles and cans.
- Work with local suppliers to promote industry collaboration, consolidating shipments and implementing other shared resource efforts among Colorado businesses. Market uncertainties are causing shipping delays both domestically and internationally, leading to increased

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[3] Climate Smart Marketing issued a pilot grant program in FY25, issuing $90,000 to three projects as case studies to advance marketing advantages for Colorado producers. See *Grain to Glass*, a one-page case study example. Currently a second round of climate smart marketing grants is open for three more projects.

[4] Colorado Proud was established in 1999 and is a free marketing program designed to help consumers, restaurants and retailers identify and purchase Colorado food and agricultural products. More than 90% of Coloradans would buy more Colorado grown and produced products if they were available and identified as being from Colorado. The distinctive Colorado Proud logo helps residents of our state, other states and other countries easily identify Colorado food and agricultural products.

[5] Review current Market Access WIG Lead & Lag Measures on Governor's Dashboard.

shipping costs and previously uncharged port fees. CDA is also partnering with shipping companies to explore options and secure lower rates for Colorado agricultural suppliers and producers.

- Highlight methods to improve distribution, supply chains, and storage systems through the projects CDA is funding with the federal Resilient Food Systems Infrastructure (RFSI) funds. This is essential for boosting agricultural efficiency and sustainability.
- Continue to work with partners to advance local food procurement through CDA's Regional Food Systems Infrastructure program, Community Food Access Consortium and Tax Credit, and participation in the Colorado Food System Advisory Council. CDA will also cultivate new programs that advance local food systems and procurement. Currently, CDA is navigating CSU's loss of USDA funding for a Regional Food Business Center, which has hindered efforts.

Pillar 4. Economic Discussion and Industry Engagement

Focus: Proactively discuss the economic outlook of agriculture—from local to global—to receive critical feedback, insights, and collaborative solutions from agricultural producers, industry partners, and colleagues.

Strategic Objectives and Actions: Continuous engagement with partners across the industry is necessary to understand how policies are affecting Colorado producers and businesses and anticipate future impacts. CDA's engagement will involve CDA leadership and several programs conducting public engagement activities on agricultural economic outlooks. Specific adaptive measures to CDA's engagements include the following:

- Engage in discussions on tariffs and other economic impacts at public town halls and other engagements by agriculture commissioners and CDA leadership.
- Collaborate with state and national colleagues and associations on tariff and economic issues to understand state, regional, national, and global trends. Many colleagues across the country echo the impacts and concerns heard from Colorado producers. Engaging with CDA partners, such as NASDA, CSU, WUSATA, USDA, and others, will foster collaborative solutions to shared challenges.
- Participate in the Colorado Economic Outlook for 2026. Annually, the University of Colorado Leeds School of Business produces a report on the economic forecast across all major Colorado industries; agriculture constitutes one of the primary committees.[6]
- Host the Inaugural Agricultural Behavioral Health Summit on November 13-14 in Monte Vista in partnership with the Behavioral Health Administration and Rocky Mountain Farmers Union. As the impacts of new tariffs emerge, CDA will use its program resources to address. non-economic challenges, such as mental health impacts of increased economic uncertainty and financial pressures.

III. Summary of Stakeholder Engagement

CDA's stakeholder engagement efforts encompassed multiple initiatives, including an industry survey, direct dialogue with producers and businesses across sectors, and engagement with members of agricultural associations. CDA gathered input from 16 representatives across agricultural sectors. The

[6] 2025 Colorado Business Outlook Report by CSU LEED School of Business. See Ag section on p. 24. The 2026 report will be presented at the Annual Colorado Business Economic Outlook Forum on Dec. 8, 2025.

following summary highlights the measurable data, notable insights shared by respondents, and the general consensus among respondents on key issues related to the new U.S. tariff policy.

Stakeholder feedback revealed general agreement that dependencies on international sourcing for packaging, ingredients, operational inputs, and equipment—combined with reciprocal tariffs, supply chain disruptions, and escalating shipping expenses—can pose serious challenges to Colorado agricultural producers. However, the department also received feedback that, in limited circumstances, tariffs can create opportunities specific to agricultural sectors and businesses.

Industry Feedback Survey:
CDA surveyed producers across Colorado's major agricultural sectors, including dairy, corn, potatoes, livestock, grains, specialty crops, and auxiliary agricultural industries such as cooperatives, trucking, and value-added food manufacturers. This survey offers a cross-section of opinions from diverse sectors of the agricultural business, illustrating various sentiments regarding the new U.S. tariff policy.

The survey asked participants to identify challenges and opportunities created by U.S. tariff policy and how companies are or are not able to adapt. Questions were also asked regarding anticipated future impacts. The information shared was then compiled into positive, negative, and neutral categories for each question. Key findings from the 16 respondents indicated the following:

- **50%** of respondents reported experiencing adverse effects from U.S. tariff policy; a quarter of respondents report opportunities, and another quarter report neutral impacts.
- **80%** of sector respondents anticipate future negative impacts, including pricing increases, sourcing difficulties, and delivery delays.
- **50%** of respondents cite specific price impacts, including price increases on aluminum, steel, copper, equipment, fertilizer, and "catch-all" tariff charges added to purchases, which have a trickle-down impact.

Notable feedback from the industry respondents includes the following:

- The Colorado potato industry is engaging in discussions to open up the market for fresh potatoes exported to Japan, as a result of a September 2025 bilateral agreement on tariff policy. In this agreement, Japan committed to additional purchases of U.S. goods. Japan is a new market that the Colorado and national potato industries have been targeting for a number of years.[7]
- For the beef industry, tariff escalation has prompted successful trade agreement negotiations with Japan and South Korea, benefiting the overall U.S. beef industry, which will help mitigate any reductions in exports to the Chinese market.
- The dry bean industry has lost sales from European and Mexican markets, as these markets can source more predictably from other countries without tariff implications.
- According to the Colorado Corn Promotion Council, specific markets may become more open to corn in all forms, as some countries have either reduced tariffs on these products or stated that they would remove non-tariff barriers that limited access.

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[7] Return from potatoes in the San Luis Valley is well below cost. Typical cost of production ranges from $8.00 to $11.00 per cwt to grow. Growers are reporting returns of $5.00 to $6.00 per cwt. A circle of potatoes usually yields 50,000 cwt, with a loss of $3.00 per cwt that would equate to a $150,000 loss per circle. Nationally, demand is way down as yields and production is way up across the nation. Idaho planted 40,000 more acres than last season, which is close to what the San Luis Valley plants annually 48,000 to 52,000 acres.

- Business representatives surveyed anticipate or are already experiencing a rise in input costs across multiple sectors, including raw materials, agricultural supplies, fertilizer, and equipment. This increase is resulting in higher operational expenses and, in some instances, challenges in product sourcing.

Direct Industry & Partnership Engagement:
Over the past three months, CDA leadership also engaged with industry leaders to understand varying perspectives and impacts of the current U.S. tariff policy. The following summarizes the sentiments among agricultural partners on notable issues:

- ***Commodity Exports:*** Roughly **70%** of Colorado wheat and **75%** of Colorado beef are exported to foreign markets. Countries affected by new U.S. tariffs are now exploring alternative sources for their agricultural imports as a reciprocal trade strategy and cost reduction method. These shifts to alternative markets will have a lasting impact on demand for U.S. products. A crucial aspect of the current U.S. agricultural economic outlook is that record-high beef prices are masking the concerning economic state of other commodities. This is particularly relevant when considering the overall macroeconomic picture of agriculture. Furthermore, USDA projects cattle prices to peak next year, while alternative opinion suggests that cattle prices will hold for some time before a notable decline in prices begins.[8] This market trend warrants close monitoring due to its potential interaction with the emerging impacts of tariffs.

- ***Trade Agreement:*** The United States Mexico-Canada Agreement (USMCA) is due to be reviewed in 2026. There are many concerns and uncertainties associated with the direction of the negotiations. Companies currently engaged in exporting to Canada and Mexico are re-evaluating their future business in these countries, while new-to-market companies are opting to defer consideration of Canada as a viable market to enter at this time. There are serious concerns in the industry about whether these new tariffs will nullify previously negotiated free trade agreements such as CAFTA, KORUS, and Japan FTA.

- ***Farming and Ranching Operational Inputs and Prices (Equipment and Supplies):***
The preservation of working capital will be a key priority for many producers, yet their ability to maintain it is being constrained by multiple economic factors. As a result, producers might be less inclined to buy new equipment and instead purchase used equipment or repair existing equipment. Additionally, growing farm debt and struggling operations are becoming more common, placing financial pressure on the entire agricultural supply chain. The rising production costs due to tariffs and retaliatory actions will make it more challenging for Colorado producers and businesses to compete in the global market. Emerging challenges include the following:
    - Foreign farm machinery companies may face additional production disruptions and delays in importing new farm equipment to the U.S. due to increased and changing tariff rates, as well as new import requirements that necessitate compliance with updated tariff policies, potentially causing shipping delays.[9]

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[8] USDA-Economic Research Service, Livestock Production Cycles Affect Long-term Price Outlook for Cattle, Hogs and Chicken.
[9] The Guardian, *One of Europe's biggest farm machinery firms halts U.S. exports over 'hidden' tariffs*, 2025

    - Farm and ranch expenses have risen steadily for Colorado producers over the years. Data released last month by the USDA Economic Research Service's Office show farm expenses (feed, livestock, poultry, and seed) as well as manufactured inputs (fertilizer, chemicals) for Colorado producers increased 33% and 30% respectively since 2020. Labor expenses rose nearly 18% in the same time period.[10] Colorado's trends parallel U.S. trends as shown in national data from the USDA's *Farm Income and Wealth Statistics- Production Expenses report*[11]. Data shows that since 2020, national fertilizer costs have increased 37%, seed costs 18%, and fuel and oil costs 32%; additionally, labor costs have increased by almost 50% since 2020. Details on the prices of a range of imports that Colorado producers rely on can be found in the Governor's Office of State Planning and Budgeting's tariff report in the agricultural section.[12]

- ***Grain Storage***: Grain storage space is expected to be very tight this fall, leading grain elevators to charge higher handling fees due to limited capacity. The Chinese response to U.S. tariff policy has limited the Chinese market for soybean producers. This has led to a storage backup of soybeans, drastically reducing room for other commodities, such as corn, that depend on that same storage. This is primarily an issue for the Midwest; however, grain movement out of Colorado could face challenges reaching the Gulf of Mexico terminal markets if the Mississippi River does not allow the same volume of barges due to low water levels, increasing the competition for truck transportation. Lower demand from China may also pose a challenge for shipping grain to the Pacific Northwest if the number of rail trips available to ship on is limited due to China's reduced demand for U.S. soybeans in 2025.

- ***Input Strain for Value Added Manufactures:*** Since Colorado commodities are shipped by totes and railcars, representatives from agricultural sectors report little challenges with access to packaging and shipping resources. However, Colorado's value-added producers, who enhance raw agricultural commodities and products into higher value items through processing and certification, are affected by rising packaging costs and are bearing the burden of tariffs on packaging, bottling, and canning.

- ***Importing Argentinian Beef:*** Recent federal policy changes to increase imports of Argentinian beef have raised concerns in the U.S. beef industry. The announcement caused immediate price drops in beef futures, leaving producers who had not yet contracted or sold their cattle at a loss for what they would have gained with a less disruptive approach to policy change. In addition to market drops, producers also carry some concern about the potential of increased disease exposure in Argentinian beef supplies from diseases such as foot-and-mouth disease (FMD). While the country has been recognized as an FMD-free zone, according to USDA-APHIS, it is still subject to restrictions.[13]
    - The U.S. currently imports beef from several countries as a means of bolstering the ground beef supply nationally. There is concern that additional imports could undercut prices for American ranchers. This federal policy announcement had the intention of dropping prices for consumers; however, as stated in the Governor's Office of State Planning and Budgeting (OSPB) report regarding impacts of U.S. tariff policy, "As

[10] USDA-ERS Website with Expense Data. CDA Summary Table of Colorado Expense
[11] USDA- ERS, "Farm Income and Wealth Statistics- Production expenses", updated Sept 3, 2025
[12] Estimating the Impacts of U.S. Tariff Policy, Office of State Planning and Budget, September 4, 2025, Link to Report
[13] https://www.aphis.usda.gov/regionalization-evaluation-services/region-health-status

tariffs are applied on meat products and the countries they are imported from, final consumer prices will increase due to the tariffs impact on imported meat prices, as well as shifting demand to U.S. produced meats, which will push domestic prices higher at all stages of the supply chain…."[14]

IV. Conclusion

The new and fluctuating U.S. tariff policy changes have heightened market uncertainty for agricultural producers and businesses. Colorado producers and agricultural businesses anticipate higher material prices, sourcing challenges, and general uncertainty about business conditions. Conversely, some producers are seeing emerging opportunities from the changing market landscape.

Using the industry feedback collected, along with insights from future discussions with producers and partners, CDA will apply its four pillars of focus to adapt and adjust strategic actions for specific CDA programs outlined in the Multi-year Strategic Plan.

CDA's overarching objectives are to maintain strong trade relationships, develop new domestic market opportunities, and strategically leverage new supply chain options within Colorado. CDA is committed to remaining nimble and adapting strategies to assist Colorado's producers, agricultural businesses, and consumers in navigating the emerging geoeconomic changes.

[14] Estimating the Impacts of U.S. Tariff Policy, Office of State Planning and Budget, September 4, 2025, P.50 Link to Report

Section 3: Colorado Department of Labor and Employment (CDLE)

I. Background and Plan Development

CDLE's role in addressing the impacts of U.S. tariff policy in Colorado involves continuous monitoring of employment data and providing tailored workforce and unemployment insurance resources to support services available to workers and employers in preparation for potential layoff scenarios. CDLE leadership has worked to leverage agency resources to better understand the State's economic situation in relation to U.S. tariff policy impacts and identify available data that can inform the agency's preparation to address them. CDLE will focus its efforts on working with partners to provide businesses and other stakeholders with communications regarding resources available to employers and workers in the event of job separation. The reports produced by OEDIT and CDA provided key insights into the unique challenges directly facing Colorado employers in various sectors of the economy. Through referencing these reports, along with the analytics and data resources of the Labor Market Information Office (LMI) and Division of Unemployment Insurance (UI), CDLE is continuously monitoring current trends for workers in the labor market and findings to-date have informed the following response plan. CLDE's response plan focuses on utilizing the services of the Division of Employment and Training (E&T), LMI, and UI.

II. Response Plan and Recommendations

Recommendation #1: Direct Utilization of Colorado Rapid Response and Workforce Services

Focus: Provide direct workforce services to workers and businesses, including guidance on information to support enterprises undergoing restructuring, downsizing, or mass layoffs.

***Strategic action*:** E&T currently provides support across the State to job seekers, employers, and learners. E&T supports Colorado businesses, job seekers, and workers through various programs. During economic downturns, Colorado Rapid Response and the Work Share Program offer essential services like job placement assistance, layoff workshops, and employee attrition consulting for employers. These are coordinated across the State through 10 regions of local workforce centers.[15] In 2025, the Colorado Rapid Response team provided services to 31 different industries. These services have been provided through multiple delivery methods, including on-site informational booths for impacted workers, job fairs, virtual and on-site workshops, consultation and planning meetings, and direct informational resources. They have delivered services 47 times in local areas, working directly with local workforce regions to provide this service. The workforce centers and their business services staff play a crucial role in supporting regional employers with recruitment, retention, and ongoing staffing needs through a range of services in communities across the State.

CDLE will enhance these workforce services for workers and businesses through the following activities:

[15] **Funding:** Rapid Response is funded by the federal WIOA Dislocated Worker program busting state Rapid Response funds with a total availability of $3,169,789 (PY25).
Links: Layoff-Alternatives, Work Share Program, Rapid Response

- CDLE will work directly with the Colorado Department of Agriculture and the Office of Economic Development to provide Colorado Rapid Response on-site informational booths for job-separation scenarios.
- The Colorado Rapid Response team within the Employment and Training Division will work to increase the volume and frequency of workforce services in response to increased demand and direct requests from businesses.
- The Employment and Training Division will provide direct job placement assistance through existing partnerships across the 10 local regions of the state workforce system.
- Colorado Rapid Response will engage directly with employers filing Worker Adjustment and Retraining Notification[16] (WARN) notices and offer on-demand layoff transition workshops, both on-site and virtual.

Recommendation #2: Sector-Specific Service Communications

Focus: Develop specialized communications for business-sector audiences, with consultation from partner agencies.

Strategic action**:** CDLE will develop sector-specific communication tools and marketing materials about Colorado Rapid Response services in consultation with OEDIT and CDA, in order to raise awareness among businesses about the resources, information, and services available to them at their request. These support services offer guidance on potential avenues of assistance during challenging economic scenarios, such as layoffs and job separations.

Activities include the following:

- Work with partners (OEDIT and CDA) to identify their target audiences.
- Determine what additional information they need to ensure effective communication.
- Offer direct contact information and communication for the available services and resources.
- Provide them with the necessary regional information for local workforce centers.
- Centralize contact lists to address questions related to the direct services offered by the organization to impacted businesses and workers.
- Elevate existing resources and opportunities for job seekers and employers through workforce initiative boards, the Colorado Workforce Development Council, and the Office of the Future of Work.

Recommendation #3: Improving UI Claims Processing and Organizational Planning

Focus: Monitor weekly UI claims processing times, utilizing weekly data to inform improvement plans, system enhancements, and organizational planning to meet the potential needs of Coloradans.

Strategic action: CDLE, in partnership with the Governor's Office, has established a UI Task Force focused on preparing the Unemployment Insurance Division to respond swiftly to increased claim volume in potential future economic downturn scenarios.

Activities include the following:

[16] "Worker Adjustment and Retraining Notification Act" a law that requires employers to provide employees experiencing employment loss with a 60-day notice prior to a layoff, although some exceptions apply. The WARN protects workers, their families, and communities from the impact of mass layoffs.

- Track and report weekly UI initial claims data trends.
- Model recessionary scenarios and potential impacts to the UI Trust Fund (UITF), supported by the Office of Labor Market Information (LMI).
- Perform system reviews for the unemployment insurance portal used by claimants, including necessary updates and changes.
- Enhance claimant communications and support.
- Invest in technology to support claims processing.

Recommendation #4: Data Monitoring

Focus: Monitor monthly employment data, with a focus on Unemployment Insurance claims data for potential economic trends in specific economic sectors and occupations, and the overall impacts of U.S. tariff policy on the Colorado economy.

Strategic action: Utilizing the existing work of the Office of Labor Market Information (LMI), CDLE leadership will continue to monitor data from existing reports of initial unemployment insurance claims data and the newly established LMI public-facing dashboard.[17] Each month LMI publishes the most recent insights on the previous month's employment outlook and calculates revisions to prior estimates to ensure the most updated, accurate data is used to understand the health of Colorado's labor market. Over the last few months, CDLE leadership has been regularly tracking the trends in the data published by LMI and data produced from weekly initial claims from the Unemployment Insurance Division for increases in job separations.

Colorado's August 2025 employment data presented a complex outlook in trends, with positive indicators such as a falling unemployment rate offset by a decline in labor force participation (though likely due to seasonality) and notable shifts in UI claim composition. In LMI's most recent publication of the Colorado Employment Situation for August 2025,[18] Colorado's unemployment rate declined from 4.5% to 4.2%, while the national average increased slightly from 4.2% to 4.3%. Both are below historic averages. Colorado's labor force participation rate (LFPR) also declined in August. Colorado has long been among the highest-performing states in this measure and was ranked 7th in both this measure and the employment-to-population ratio (EPOP) in August 2025. As it relates to UI claims data, industry composition shows that a larger portion of total UI claimants worked in construction, professional, scientific, and technical services, and administrative and waste services.

It is important to note that due to the federal government shutdown, national economic data for September (initially planned for publication on October 17, 2025) is currently delayed. The prolonged shutdown will impact any October data publication.

Going forward, monitoring activities will specifically include the following:

- Monitor economic trends and initial claims with support from the Office of Labor Market Information (LMI).
- Brief the Governor's Office of Operations and Cabinet Affairs, the Office of Economic Development and International Trade, and the Colorado Department of Agriculture on trends occurring in specific sectors.

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[17] **Colorado Unemployment Insurance** Dashboard

[18] **Colorado Employment Situation – August 2025:** Nonfarm Payroll Jobs Increase by 3,000 in August; Unemployment Rate Decreases to 4.2 Percent. Press Release.

- Communicate with the Employment and Training Division and the 10 local workforce regions on sector or regional trends.
- Review federal data, when available, on occupational impacts to the Colorado Economy and brief the Office of State Planning and Budgeting accordingly.

III. Conclusion

The Colorado Department of Labor and Employment's response plan leverages the workforce programs of the Division of Employment and Training, the benefit services of the Division of Unemployment Insurance, and the labor market data and analysis from the Office of Labor Market Information. Together, these programs proactively address the potential impact of U.S. tariff policy. By enhancing direct workforce services in collaboration with the Office of Economic Development and the Department of Agriculture, developing sector-specific communications, improving the efficiency of UI claims processing, and conducting continuous employment and labor data monitoring, CDLE is working to ensure resilience across the State's economy. CDLE is committed to ensuring its strategies remain agile, targeted, and responsive to the evolving needs of Colorado's workers and employers.