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Fitch: Trump's Impact on Trade.

Sticks and stones aside, it turns out words really can hurt: President Trump's protectionist rhetoric over the past year may be leading to lower tax revenue for border states.

The findings, laid out this week by Fitch Ratings, suggest that the president's foreign policy agenda is cutting cross-border travel. Trump in January pulled the U.S. out of the fledgling Trans-Pacific Partnership. He has also said he wants to renegotiate the North American Free Trade Agreement (NAFTA).

Passenger crossings at several ports-of-entry were down year-over-year, particularly in Alaska, Idaho, Texas and Washington state. Notably, vehicle passenger traffic either fell or stagnated at three of the four largest ports-of-entry — San Ysidro and Otay Mesa, Calif., and Laredo, Texas. Along the northern U.S. border, passenger vehicle traffic at Michigan's three major border crossings all showed signs of softness.

Lower cross-border traffic, says Fitch, impacts sales and excise tax revenues collected in border communities.

The Takeaway: The reduced border crossings could be a sign of things to come if Trump implements protectionist policies. "Although reduced border crossings themselves are not credit negative, these fluctuations are an indicator of what border traffic declines might look like — on a larger scale — if NAFTA negotiations break down," says Fitch's Michael D'Arcy. "A re-imposition of tariffs would depress border traffic and sales tax receipts, factors which represent a credit risk to border municipalities, particularly in Texas and New Mexico."