

# Trump unveils sweeping US tariffs on Canada, Mexico, China

AFP- President Donald Trump announced broad tariffs Saturday on major US trading partners Canada, Mexico and China, claiming a “major threat” from illegal immigration and drugs – a move that sparked promises of retaliation.

Canadian and Mexican exports to the United States will face a 25 percent tariff starting Tuesday, although energy resources from Canada will have a lower 10 percent levy.

Goods from China, which already face various rates of duties, will see an additional 10 percent tariff.

Trump’s orders also suspended exemptions allowing low-value imports from the three countries to enter the US duty-free.

The announcement threatens upheaval across supply chains, from energy to automobiles to food.

Trump invoked the International Emergency Economic Powers Act in imposing the tariffs, with the White House saying “the extraordinary threat posed by illegal aliens and drugs, including deadly fentanyl, constitutes a national emergency.”

The aim is to hold all three countries “accountable to their promises of halting illegal immigration and stopping poisonous fentanyl and other drugs from flowing into our country,” the White House added.

China’s commerce ministry said in a statement it would take “corresponding countermeasures” and file a claim against Washington at the World Trade Organization.

Mexican President Claudia Sheinbaum announced that her country

would impose retaliatory tariffs.

Sheinbaum said she had told her economy minister “to implement Plan B that we have been working on, which includes tariff and non-tariff measures in defense of Mexico’s interests.”

Canadian Prime Minister Justin Trudeau – who spoke with Sheinbaum – separately said his country would hit back with 25 percent levies of its own on select American goods worth Can\$155 billion (US\$106.6 billion), with a first round on Tuesday followed by a second one in three weeks.

“We’re certainly not looking to escalate. But we will stand up for Canada, for Canadians, for Canadian jobs,” he said, as he warned of a fracture in longstanding Canada-US ties.

British Columbia Premier David Eby announced that his province would specifically retaliate against “red” US states led by members of Trump’s Republican Party.

Trump has repeatedly expressed his approval of tariffs as a policy measure, and has signaled that Saturday’s action could be the first volley in further trade conflicts to come.

This week, he also pledged to impose future duties on the European Union.

He has also promised tariffs on semiconductors, steel, aluminum, oil and gas.

“Tariffs are a powerful, proven source of leverage for protecting the national interest,” the White House said.

– ‘Opening salvo’ –

“The tariff action announced today makes clear that our friends, neighbors and Free Trade Agreement partners are in the line of fire,” said Wendy Cutler, vice president at the Asia Society Policy Institute and a former US trade negotiator.

“The move today is an opening salvo on the tariff front,” she told AFP.

Economic integration between the United States, Mexico and Canada – who share a trade pact – means stiff tariffs will have “a strong and immediate impact” in all three countries, she said.

Imposing sweeping tariffs on the three biggest US trading partners in goods carries risks for Trump, who won November’s election partly due to public dissatisfaction over the economy.

Higher import costs would likely “dampen consumer spending and business investment,” said EY chief economist Gregory Daco.

He expects inflation would rise by 0.7 percentage points in the first quarter this year with the tariffs in place, before gradually easing.

“Rising trade policy uncertainty will heighten financial market volatility and strain the private sector, despite the administration’s pro-business rhetoric,” he said.

Economists also expect growth to take a hit.

Trump’s supporters have downplayed fears that tariffs would fuel inflation, with some suggesting his planned tax cuts and deregulation measures could boost growth instead.

– ‘Drive up costs’ –

Doug Ford, premier of Canada’s economic engine Ontario, warned of potential job losses and a slowdown in business with tariffs.

He told CNN Saturday: “We’re going to stand up for what’s right.”

US Senate Minority Leader Chuck Schumer has warned new tariffs

could “further drive up costs for American consumers.”

Canada and Mexico are major suppliers of US agricultural products.

The tariffs are also expected to hit the auto industry hard, since automakers and suppliers produce components throughout the region.

Analysts have warned that hiking import taxes on crude oil from countries like Canada and Mexico threaten US energy prices too.

Nearly 60 percent of US crude oil imports are from Canada, according to a Congressional Research Service report.

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