

Canada, Mexico react to Trump tariffs; China plans WTO complaint

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Online Desk : The leaders of Canada and Mexico have hit back after Donald Trump signed an order authorizing drastic tariffs of up to 25% on their exports to the US, while China said it would complain to the World Trade Organization after it was also targeted by the president. Canada's prime minister, Justin Trudeau, on Saturday night made a televised address announcing concrete measures including a tit-for-tat 25% tariff phased in across C\$155bn (\$107bn) worth of American products. Trudeau said Trump had put at risk US consumers' and industries' access to much-needed Canadian critical minerals and resources including oil, energy and timber. The prime minister promised to work with Canada's provinces to review dealings with the United States.

Addressing Americans, Trudeau said: "Tariffs against Canada will put your jobs at risk, potentially shutting down American auto assembly plants and other manufacturing facilities. They will raise costs for you including food at the grocery store and gas at the pump. They will impede your access to an affordable supply of vital goods crucial for US security such as nickel, potash, uranium, steel and aluminum." Trudeau added: "They will violate the free trade agreement that the president and I along with our Mexican partner negotiated and signed a few years ago" – referring to the United States Mexico Canada agreement (USMCA) that was drawn up largely at Trump's behest after he tore up the previous North America free trade agreement (Nafta) during his first term as US president.

To begin with, from Tuesday Canada will levy 25% tariffs on C\$30bn worth of US goods coming into Canada. The tariffs will then be added to C\$125bn of US imports in three weeks. Trudeau said Canada's industries such as oil could "have leverage over the United States" but no single sector should bear a greater burden than others of the US tariffs and Canada's response to them. Doug Ford, the premier of Ontario province, earlier said: "Canada now has no choice but to hit back and hit back hard. Canada has so much of what America needs: high-grade nickel and other critical minerals, energy and electricity, uranium, potash, aluminum. We need to maximize our points of leverage and use them to maximum effect."

Trudeau called on Canadians to "buy less American products ... choose Canadian products and services rather than American ones. Provinces are announcing measures such as removing American spirits, liquor and alcohol from their stores". Canada wanted to "encourage Americans to back down on these tariffs and we will use all the suite of tools at our disposal", the prime minister said. He said as examples that tariffs would affect American beer, wine and bourbon, as well as fruits and fruit juices, including orange juice from Trump's home state of Florida. Canada would also target goods including clothing, sports equipment and household appliances. "We didn't ask for this but we will not back down," Trudeau said.

Trump has broadly accused Canada and Mexico of letting illicit drugs and illegal immigrants across their borders while profiting unfairly from trade with the US. He signed three executive orders on Saturday imposing tariffs of 25% on all goods from Mexico and Canada. Trump imposed a 10% tariff on Canadian oil exports, as well as a 10% tariff on imports from China. Claudia Sheinbaum, the president of Mexico, said he had ordered her economy minister to implement tariff and non-tariff measures to defend Mexico's interests. Sheinbaum said her country should move forward with a "cool head" and a planned retaliatory response. During a speech at an unrelated event, minutes after news of Trump's tariffs came through, Sheinbaum appeared to rally her base. "When we negotiate with other nations, when we talk with other nations, we always do so with our heads held high, never with our heads down," she said.

Trump's office said Chinese officials had failed to prevent drug precursors from being shipped to Mexico and used by cartels. He also alleged that Mexican drug traffickers had an "intolerable alliance with the

government of Mexico". In a statement released on social media, Sheinbaum said: "We categorically reject the White House's slander of the government of Mexico having alliances with criminal organisations". She proposed establishing a workforce with Trump to combat the issues he has with Mexico, saying: "Problems are not resolved by imposing tariffs." China's commerce ministry said on Sunday that the imposition of tariffs by the US "seriously violates" World Trade Organization (WTO) rules, urging the US to "engage in frank dialogue and strengthen cooperation".

Trump has cited the devastation on US streets from the illegal drug fentanyl – made with Chinese ingredients – but the foreign ministry in Beijing said: "Fentanyl is America's problem. The Chinese side has carried out extensive anti-narcotics cooperation with the United States and achieved remarkable results." Trump's actions set the stage for a damaging trade war between the US and three of its top trade partners. Trump has also threatened to impose tariffs against European Union nations.

Trump's tariffs were reportedly scheduled to go into effect on Tuesday, with a retaliation clause to ratchet them up if Mexico, Canada or China tried to impose their own in response. Trump is imposing the tariffs under the International Emergency Economic Powers Act. The president cited the US opioid crisis when imposing his executive order, laying much of the blame for drug trafficking on Canada. In a post on Truth Social, Trump said: "We need to protect Americans, and it is my duty as president to ensure the safety of all. I made a promise on my campaign to stop the flood of illegal aliens and drugs from pouring across our borders, and Americans overwhelmingly voted in favor of it."

In an information sheet on the tariffs, Trump also cited the "threat posed by illegal aliens" in his decision. Trump's decision to levy a 10% tariff rate on Canadian energy products seems to be some sort of recognition that tariffs can spur higher prices. The White House has contended that tariffs will not fan the flames of inflation. The tariffs could have dire repercussions for Mexico. "We have to remember that 40% of Mexico's GDP are exports," said Gabriela Siller, director of economic analysis at Grupo Financiero Base, adding that the Mexican economy could enter a "severe recession" if the tariffs were maintained.

The American Chamber of Commerce in Mexico, which represents US companies in Mexico, said the tariffs would hit both economies and "fail to address the real challenges of security, migration and drug trafficking", adding that "America First does not mean America Alone". Economists have repeatedly sounded the alarm that higher tariffs will raise prices on consumer goods for Americans, exacerbating an increased cost of living. Trump did recognize on Friday that his tariffs could prompt "temporary short-term disruption". He said he hoped that Americans would understand why he was imposing them. "Tariffs don't cause inflation," Trump claimed. "They cause success." The Washington senator Patty Murray posted on social media: "Trump's tariffs will cost families – literally. It's not Mexico or Canada or China who pays for these increases, it's you. And you'll feel it on your wallet everywhere you shop."

Colorado's governor, Jared Polis, agreed: "Trump's tariffs will be a tax on Coloradans and American families, and increase the cost of everything from food to gas. Trump's tariffs make us less competitive, hurt people and quite frankly make no sense." Jason Smith, the ways and means committee chair, championed the tariffs. "President Trump is delivering on his promise ... The tariffs on imports from Canada, Mexico and China send a powerful message that the United States will no longer stand by as other nations fail to halt the flow of illegal drugs and immigrants into our country. These measures will also bring in billions in new revenue to the US government." The Tax Foundation, a conservative group, has estimated that Trump placed \$80bn in tariffs on about \$380bn worth of products in 2018 and 2019. The foundation described this as "one of the largest tax increases in decades". Joe Biden's administration kept the majority of those tariffs in place, and increased tariffs on an additional \$18bn of Chinese goods, including semiconductors and electric vehicles.