



Trump says Americans could feel 'pain' in trade war with Mexico, Canada, China

ReutersBy Jarrett Renshaw, Daphne Psaledakis and David LawderBy: Reuters | Feb 02 2025 at 11:55 PM | [International Trade](#)

President Donald Trump said on Sunday the sweeping tariffs that he has imposed on Mexico, Canada and China may cause "short term" pain for Americans as global markets reflected concerns the levies could undermine growth and reignite inflation.

Trump said he would talk on Monday with the leaders of Canada and Mexico, which have announced retaliatory tariffs of their own, but downplayed expectations that they would change his mind.

"I don't expect anything dramatic," Trump told reporters as he returned to Washington from his Mar-a-Lago estate in Florida. "They owe us a lot of money, and I'm sure they're going to pay."



People look on as empty shelves remain with signs "Buy Canadian Instead" after the top five U.S. liquor brands were removed from sale at a B.C. Liquor Store, as part of a response to U.S. President Donald Trump's 25% tariffs on Canadian goods, in Vancouver, British Columbia, Canada, February 2, 2025. REUTERS/Chris Helgren

He also said tariffs would "definitely happen" with the European Union, but did not say when.

Critics say the Republican president's plan to impose 25% tariffs on Canada and Mexico and 10% tariffs on China will slow global growth and drive prices higher for Americans.

Trump says they are needed to curb immigration and narcotics trafficking and spur domestic industries.

"We may have short term some little pain, and people understand that. But long term, the United States has been ripped off by virtually every country in the world," he said.

Financial market reaction was not positive. U.S. stock futures slumped in early Asian trading, with Nasdaq futures NQc1 down 2.35%, S&P 500 futures EScv1 1.8% lower. U.S. oil prices jumped more than \$2, while gasoline futures jumped more than 3%.

North American companies braced for new duties which could upend industries from autos to consumer goods to energy.

Trump's tariffs will cover almost half of all U.S. imports and would require the United States to more than double its own manufacturing output to cover the gap - an unfeasible task in the near term, ING analysts wrote.

"Economically speaking, escalating trade tensions are a lose-lose situation for all countries involved," the analysts wrote in a note on Sunday.

Other analysts said the tariffs could throw Canada and Mexico into recession and usher in "stagflation" - high inflation, stagnant economic growth and elevated unemployment - at home.

TUESDAY DEADLINE

The Trump tariffs, outlined in three executive orders, are due to take effect 12:01 a.m. ET (0501 GMT) on Tuesday.

Some analysts said there was some hope for negotiations, especially with Canada and China.

Goldman Sachs economists said the levies are likely to be temporary but the outlook is unclear because the White House set very general conditions for their removal.

A White House fact sheet gave no details on what the three countries would need to do to win a reprieve.

Trump vowed to keep them in place until what he described as a national emergency over fentanyl, a deadly opioid, and illegal immigration to the United States ends.

China has said it will challenge the tariffs at the World Trade Organization and take other countermeasures, but also left the door open for talks with the United States.

Its sharpest pushback was over fentanyl.

"Fentanyl is America's problem," China's foreign ministry said, adding that China has taken extensive measures to combat the problem.

Mexican President Claudia Sheinbaum, raising her fist in the air in a speech outside the capital, vowed resilience.

She accused the United States of failing to tackle its fentanyl problem and said it would not be solved by tariffs.

Sheinbaum said she would provide more details on Monday of the retaliatory tariffs she ordered this weekend.

Canada said on Sunday it will take legal action under the relevant international bodies to challenge the tariffs.

Prime Minister Justin Trudeau also encouraged Canadians on Sunday to boycott their longtime ally after ordering retaliatory tariffs against \$155 billion of U.S. goods, from peanut butter, beer and wine to lumber and appliances.

Canadian officials said they were preparing measures to help business who might be hurt by the trade war.

Trump has heaped derision on Canada in particular, with calls for the country to become the 51st U.S. state. On Sunday, he said Canada "ceases to exist as a viable country" without its "massive subsidy."

FOLLOWING THROUGH

The tariff announcement made good on Trump's repeated 2024 campaign threat, defying warnings from economists that a trade war would erode growth and raise prices for consumers and companies.

Trump declared a national emergency under two laws, the International Emergency Economic Powers Act and the National Emergencies Act, which give the president sweeping powers to impose sanctions to address crises.

Trade lawyers said Trump could face legal challenges for testing the limits of U.S. laws. Democratic lawmakers Suzan DelBene and Don Beyer decried what they called a blatant abuse of executive power. Others warned about rising prices.

"No matter which way you slice it: costs are going to climb for consumers," Senate Democratic Leader Chuck Schumer said, vowing to try to "undo this mess."

Republicans welcomed Trump's action.

A Reuters/Ipsos poll released last week showed Americans were divided on tariffs, with 54% opposing new duties on imported goods and 43% in support, with Democrats more opposed and Republicans more supportive.

INVESTORS LOOK AHEAD

Investors were considering the effects of additional tariffs promised by Trump, including those related to oil and gas, as well as steel, aluminum, semiconductor chips and pharmaceuticals.

Trump has also vowed actions against the European Union.

A European Commission spokesperson said the EU "would respond firmly to any trading partner that unfairly or arbitrarily imposes tariffs on EU goods."

Europe's biggest carmaker, Volkswagen, said it was counting on talks to avoid trade conflict.

Automakers would be particularly hard hit, with new tariffs on vehicles built in Canada and Mexico burdening a vast regional supply chain where parts can cross borders several times before final assembly.

Trump imposed only a 10% duty on energy products from Canada after oil refiners and Midwestern states raised concerns. At nearly \$100 billion in 2023, imports of crude oil accounted for roughly a quarter of all U.S. imports from Canada, according to U.S. Census Bureau data.

White House officials said Canada specifically would no longer be allowed the "de minimis" U.S. duty exemption for shipments under \$800. The officials said Canada, along with Mexico, has become a conduit for shipments of fentanyl and its precursor chemicals into the U.S. via small packages that are not often inspected by customs agents.



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