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Trump pauses tariffs on Mexico and Canada, but China tariffs remain

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- by Shipping Telegraph

Less than two weeks into his new administration, President Donald Trump has placed tariffs on America's three biggest trading partners. With orders signed on February 1st, he initiated tariffs on imports from both Canada and Mexico, and an additional tariff on imports from China. However, Washington and Mexico reached yesterday a last-minute agreement to halt the imposition of tariffs for a period of one month. In a dramatic, last-minute move, the Trump administration also agreed to pause tariffs on Canada for a month while the two sides hammer out an agreement on border security and drug trafficking.

Trump confirmed the agreement in a post on Truth Social. "I just spoke with President Claudia Sheinbaum of Mexico," he wrote, adding that negotiations will follow with the aim to reach a "deal."

"It was a very friendly conversation wherein she agreed to immediately supply 10,000 Mexican soldiers on the border separating Mexico and the United States. These soldiers will be specifically designated to stop the flow of fentanyl, and illegal migrants into our country."

Furthermore, Trump said he is "pleased" with the "initial outcome" of U.S. discussions with Canada, in which the two countries agreed to hold off on imposing tariffs for 30 days.

"As President, it is my responsibility to ensure the safety of ALL Americans, and I am doing just that. I am very pleased with this initial outcome, and the Tariffs announced on Saturday will be paused for a

30 day period to see whether or not a final Economic deal with Canada can be structured. FAIRNESS FOR ALL!" Trump wrote on Truth Social.

Over the weekend, President Trump announced that Mexican and Canadian imports are subject to a 25% tariff, whilst Chinese imports face an additional 10% tariff.

The US president said the move was in response to his concerns about illegal immigration and drug trafficking – two of the main promises on which he was elected.

Canada announced on Saturday retaliatory tariffs against the US, with the government mentioning that it will move forward with 25% tariffs on \$155bn worth of goods in response to "the unjustified and unreasonable tariffs", as it said, on Canadian goods.

"The first phase of Canada's response will include tariffs on \$30bn in goods imported from the U.S., effective February 4, 2025, when the U.S tariffs are applied. The list includes products such as orange juice, peanut butter, wine, spirits, beer, coffee, appliances, apparel, footwear, motorcycles, cosmetics, and pulp and paper," the government said as an initial response to Trump's announcement.

Finance Minister LeBlanc also announced on Saturday that the government intends to impose tariffs on an additional list of imported U.S. goods worth \$125bn.

However, Prime Minister Justin Trudeau and U.S. President Donald Trump said Monday that U.S. tariffs on Canada will be "paused" for up to 30 days after Trudeau agreed to border security measures in an afternoon call.

"Canada will implement their \$1.3 Billion Border plan, and as per Prime Minister Trudeau, will be, "reinforcing the Border with new choppers, technology and personnel, enhanced coordination with our American partners, and increased resources to stop the flow of fentanyl. Nearly 10,000 frontline personnel are, and will be, working on protecting the Border. In addition, Canada is making new commitments to appoint a Fentanyl Czar, we will list cartels as terrorists, ensure 24/7 eyes on the Border, launch a Canada-U.S. Joint Strike Force to combat organized crime, fentanyl and money laundering. I have also signed a new intelligence directive on organized crime and fentanyl, and we will be backing it with \$200 million," Trump wrote late on Monday in a statement.

Trump has long praised tariffs as effective economic policy. Recently, Trump in one of his speeches called "tariff" the fourth-most beautiful word in the dictionary, behind "God," "love" and "religion."

The president posted on social media that the tariffs were necessary "to protect Americans," pressing the three nations to halt "illegal immigration, fentanyl and other drugs from flowing into the country."

Trump posted on his Truth Social platform: "This was done through the International Emergency Economic Powers Act (IEEPA) because of the major threat of illegal aliens and deadly drugs killing our Citizens, including fentanyl."

Consumers in all countries could see an increase in the cost of living if businesses decide to pass on higher costs to customers. There are also fears that economic growth would slow, and inflation would worsen, and the situation could be even worse with retaliation from other countries.

"Shippers and freight forwarders dislike uncertainty because it reduces their ability to manage supply chain risk. This is why people who work or operate within the maritime industry embrace global trade and do not want to see tariffs or other barriers introduced," said chief analyst Peter Sand of ocean freight rate intelligence platform Xeneta.

Canada is a top customer for U.S. goods and services exports and a critical supplier of goods and services. According to the most recent official trade figures from the Canadian government, every day over \$2.5bn worth of goods and services crosses the border.

Meanwhile, China said it “firmly opposes” the tariffs, and “will take necessary countermeasures to defend its legitimate rights and interests.”

“Trade and tariff wars have no winners,” said a spokesperson at China’s Foreign Ministry.

China announced back in 2019 the decision to officially schedule fentanyl-related substances as a class and conducted counternarcotics cooperation with the U.S. side in a broad-based way, the ministry said, calling on the U.S. government to correct what it considers wrongful actions.

Mexico’s president also ordered on Sunday retaliatory tariffs. However, Trump and Sheinbaum reached yesterday a last-minute agreement to immediately pause the anticipated tariffs for a one-month period.

Mexican President Claudia Sheinbaum wrote in a post on X on Sunday that she had instructed her economy secretary to implement a response that includes tariffs and other measures in defense of Mexico’s interests.

The Mexican President also called allegations that the Mexican government had alliances with Mexican drug trafficking organizations “slander”.

Trump reiterated his accusations that other countries such as China, Mexico and Canada continue the decades long “ripoff of America.”

“Make your product in the USA and there are no tariffs!” Trump declared.

“This will be the golden age of America. Will there be some pain? Yes, maybe (and maybe not!). But we will make America great again, and it will be worth the price that must be paid,” Trump asserted.