



North America braces for new Trump tariffs as Saturday deadline nears



Donal Trump file pic

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US President Donald Trump speaks at an event to sign the Laken Riley Act, legislation requiring the detention of immigrants living in the US illegally who are accused of theft, at the White House, in Washington, US on 29 January 2025. Reuters/Elizabeth Frantz/File Photo

Highlights:

Trump vows 25% tariffs on goods from Mexico and Canada

Action to curb fentanyl, immigration may earn reprieve

Trump also threatening 10% duties on Chinese imports

Emergency powers act expects to back Trump's new tariffs

Companies, consumers and farmers across North America braced on Friday for US President Donald Trump to impose 25% tariffs on Canadian and Mexican imports within hours, moves that could disrupt nearly \$1.6 trillion in annual trade.

Trump has set a Saturday deadline to impose the punitive duties over his demands that Canada and Mexico take stronger action to halt the flow of illegal immigrants and the deadly opioid fentanyl and precursor chemicals into the US.

Trump said on Thursday he still is considering an additional 10% tariff on Chinese imports to punish Beijing for its part.

Industry groups were furiously seeking any scrap of information on how Trump plans to implement the tariffs -- whether he would impose the full 25% with immediate effect, or announce them and delay their implementation to allow some time for negotiations over steps that the countries could take.

Even immediate imposition would require two to three weeks of public notice before US Customs and Border Protection could begin collections, based on past tariff actions.

Trump said on Thursday that he would soon decide whether to apply the tariffs to imports of Canadian and Mexican oil, an indication that he may be concerned about their impact on gasoline prices. Crude oil is the top US import from Canada and among the top five from Mexico, according to US Census Bureau data.

Two sources familiar with the matter said that Trump was expected to invoke the International Emergency Economic Powers Act (IEEPA) as the legal basis for the tariffs, declaring a national emergency over fentanyl overdoses that killed nearly 75,000 Americans in 2023 and illegal immigration.

The statute enacted in 1977 and modified after the 9/11 attacks in 2001 gives the president broad powers to impose economic sanctions in a crisis.

Among the trade law tools at Trump's disposal, IEEPA would give him the fastest path to imposing broad tariffs, as others require lengthy investigations by the Commerce Department or the US Trade Representative's office.

Trump's nominees to run those agencies, Wall Street CEO Howard Lutnick and trade lawyer Jamieson Greer, have not been confirmed by the US Senate. Trump used IEEPA to back up a 2019 tariff threat against Mexico over border issues.

Major disruption

Imposing the duties would tear up a 30-year free trade system that has built a highly integrated North American economy, with auto

parts sometimes crossing borders several times before final assembly.

Economists and business executives have warned that the tariffs would spark major increases in the prices of imports such as aluminium and lumber from Canada, fruits, vegetables, beer and electronics from Mexico and motor vehicles from both countries.

Tariffs are paid by firms that import goods and pass the costs on to consumers or accept lower profits, economists say.

"President Trump's tariffs will tax America first," said Matthew Holmes, public policy chief at the Canadian Chamber of Commerce.

"From higher costs at the pumps, grocery stores and online checkout, tariffs cascade through the economy and end up hurting consumers and businesses on both sides of the border. This is a lose-lose."

Canada has drawn up detailed targets for immediate tariff retaliation, including duties on orange juice from Florida, Trump's adopted home state, a source familiar with the plan said. Canada has a broader list of targets that could reach C\$150 billion worth of US imports, but would hold public consultations before acting, the source said.

Canada's energy and natural resources minister, Jonathan Wilkinson, said Canada's response would focus on products that hurt Americans more than Canadians.

During Trump's first term, China targeted US soybeans and other farm products, while the European Union hit iconic American products including bourbon whiskey and Harley-Davidson (HOG.N) motorcycles.

Mexican President Claudia Sheinbaum has said Mexico also would retaliate, arguing that Trump's tariffs would cost 400,000 US jobs and drive up prices for US consumers.

But more recently, Sheinbaum has publicly doubted that Trump will follow through on his pledge to impose the tariffs, saying: "We don't believe it will happen, honestly."

Some of that complacency may stem from Trump's 10-hour trade war of words on Sunday with Colombian President Gustavo Petro, threatening the South American country with 25% tariffs over its refusal to allow US military flights loaded with Colombian deportees. The crisis ended when Petro agreed to accept the flights.

China has been more circumspect about its retaliation plans. Liu Pengyu, a spokesperson for China's embassy in Washington, emphasised China's cooperation with the US on curbing fentanyl trafficking and said he hopes the US "will not take China's goodwill for granted."

A US trade group executive, speaking on condition of anonymity, said that recent comments from Trump indicating some progress on fentanyl and immigration concerns indicated that there was a good chance that tariffs would be announced but suspended, but added that Trump may need to back his threats with action.

"If they keep threatening and then don't put them in place, they're going to lose credibility," the executive said.

