

Trump tariffs against Mexico and Canada to go ahead

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US President Trump has announced that 25 percent tariffs on goods from Mexico and Canada, America's two major trading partners, will go ahead next week after being delayed for a month.

He also announced that the 10 percent tariff imposed on Chinese goods would be lifted by an additional 10 percent. "It's 10 plus 10," Trump said in a statement from the Oval Office yesterday.

The tariffs on Mexico and Canada were initially threatened shortly after Trump's inauguration on January 20 but were delayed after the Canadian and Mexican governments agreed to take action over the flow of the drug fentanyl into the US.

In a post on his Truth Social platform yesterday, Trump said: "The proposed tariffs scheduled to go into effect on March fourth will, indeed, go into effect as scheduled."

Speaking in the Oval Office, Trump said Mexico and Canada had not done enough to halt the flow of fentanyl for them to win another reprieve.

Trump also said that his plan for sweeping so-called "reciprocal" tariffs will go ahead after the delivery of a report from his officials on April 2.

The term "reciprocal" tariffs is something of a misnomer. It goes far beyond the imposition of tariffs equivalent to those imposed on US goods, but sets out retaliation for measures including taxes, regulations, and other internal policies of a country that are considered to adversely impact American corporations.

Earlier this week, at the first meeting of his cabinet, Trump repeated his threat to impose a 25 percent tariff on imports from the European Union, saying the bloc "was formed to screw the United States."

The branding of the EU as an economic enemy is an indication of the total disintegration of all the arrangements—economic and political—set in place after

World War II to stabilize world capitalism following the disasters of the first half of the 20th century.

The formation of the EU was the outcome of plans initiated by the US under the Marshall Plan for the post-war reconstruction of the European economy.

Trump said a decision had been made on the EU tariffs and "we'll be announcing it very soon. It'll be 25 percent generally speaking and that will be on cars and all other things."

The imposition of tariffs on Mexican and Canadian goods—assuming it goes ahead—threatens chaos in large sections of US industry because the manufacture of industrial goods, particularly cars and trucks, often involves the passage of components several times across the border.

Wall Street fell again on the announcement that the Mexico and Canada tariffs were to go ahead. The tech-heavy NASDAQ index dropped by 2.8 percent and the S&P fell by 1.6 percent, taking it into negative territory for the year.

Following the latest Trump announcements, the focus will turn to the retaliatory response under conditions where, as the *Financial Times* commented, the latest salvo in aggressive trade policy increases "the danger of a wider trade war that risks inflicting significant damage on the global economy."

The response of Mexican President Claudia Sheinbaum at a news conference following the Trump announcement was to hold out the prospect for a deal.

Referring to Trump's comments, she said: "As you know, he has his way of communicating, but as usual, we have a cool head and optimism that we can reach an agreement."

Canadian Prime Minister Justin Trudeau said his government would respond to any "unjustified tariffs" with a "strong and immediate answer." Canada is set to

immediately impose tariffs on \$30 billion worth of imports coming from the US.

Whether by accident or design, the March 4 date for the further 10 percent hike in the tariff on Chinese goods comes on the eve of the National People's Congress in Beijing, the rubber-stamp parliament which will meet to hear the measures proposed by the Xi Jinping regime to deal with the slowdown in the Chinese economy and the economic war measures of the US.

At this stage, the response appears to be fairly muted, with the Chinese embassy in Washington simply issuing repeats of what it has said before.

It said there were “no winners” in a trade war and the unilateral tariffs “imposed by the US will not solve its own problems, nor will it benefit the two sides of the world.”

But while it has avoided making bellicose statements and presented itself as the upholder of the international trading order, Beijing has been developing retaliatory measures, including export controls on rare earths and critical minerals imported by the US.

It has been reported that over the past month, China has been seeking to ascertain whether the tariff measures against it are aimed at trying to secure a narrow trade deal or a more comprehensive agreement.

Chinese government officials are said to have informally conveyed that Beijing is prepared to buy more US goods and that companies are willing to invest in the US. But Xi has yet to give his imprimatur to any offers.

There is a view in Beijing and in economic circles more broadly that Trump's tariff measures may not be as effective as he had considered because, after years of tariff hikes, starting under the first Trump administration, Chinese companies have become adept at rerouting their exports to the US via third countries. However, this situation contains within it the possibility of further escalation of tariffs against a range of other countries to counter it.

A further expression of the breakdown of the global order was manifested in Cape Town yesterday when a three-day meeting of G20 finance ministers concluded without being able to issue a joint communique because of differences on trade, climate change financing, and US tariffs. Several countries, including the US, China, India, Japan, and Mexico effectively opted out from the

meeting and replaced their senior representatives with deputies.

The G20, which had been set up in response to the Asian financial crisis of 1997–98, was elevated in 2009, in the wake of the global financial crisis, to be the world's major economic council.

It was accompanied by hand-on-heart declarations by world leaders at the time that never again would there be a resort to the disastrous tariff measures of the 1930s. Just a decade and a half on, those declarations, like the G20 itself, which was hailed as a new foundation for stabilizing world capitalism, have turned to dust.



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