



Trump Threatens New Tariffs on Mexico, Canada, and China on Day One

In a series of recent statements, President-elect Donald Trump has announced plans to impose significant tariffs on imports from Mexico, Canada, and China, citing concerns over illegal immigration and drug trafficking. These measures are set to take effect upon his inauguration on January 20, 2025.



AP Images

Mexico and Canada

On his social media platform TruthSocial, Trump [declared](#) Monday his intention to sign an executive order imposing a 25-percent tariff on “ALL products” imported from Mexico and Canada. He attributed this decision to the “invasion” of illegal immigrants and drugs entering the United States through its northern and southern borders.

“As everyone is aware, thousands of people are pouring through Mexico and Canada, bringing Crime and Drugs at levels never seen before,” Trump stated. He also pointed to an incoming caravan from Mexico as evidence of the issue.

Trump asserted the tariffs would stay in place until both nations take stronger action against drug trafficking and illegal immigration. “This tariff will remain in effect until such time as Drugs, in particular Fentanyl, and all Illegal Aliens stop this Invasion of our Country!”

Trump concluded the post with a decisive “demand,”

Both Mexico and Canada have the absolute right and power to easily solve this long simmering problem. We hereby demand that they use this power, and until such time that they do, it is time for them to pay a very big price!

China

Trump also [blasted China](#) for failing to stop the export of fentanyl and other drugs to the United States, often routed through Mexico. He proposed an additional 10 percent tariff on all Chinese imports unless the drug flow is curtailed.

“I have had many talks with China about the massive amounts of drugs, in particular Fentanyl, being sent into the United States,” Trump said. He claimed Chinese officials promised harsh penalties for drug dealers, “but unfortunately, they never followed through, and drugs are pouring into our Country, mostly through Mexico, at levels never seen before.” He added, “Until such time as they stop, we will be charging China an additional 10% Tariff, above any additional Tariffs, on all of their many products



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coming into the United States of America.”

Potential Impact on U.S. Consumers

Economic analysts warn that such sweeping tariffs could have far-reaching consequences for the U.S. economy, including higher prices for consumers and strained relations with key trading partners. The National Retail Federation [estimates](#) that these tariffs could cost American consumers between \$46 billion and \$78 billion annually. That would significantly affect categories such as apparel, toys, furniture, household appliances, footwear, and travel goods.

Walmart Chief Financial Officer John David Rainey has cautioned that these proposed tariffs could result in higher prices for consumers shopping at Walmart. “Tariffs are going to be inflationary. There’s no disputing that,” Rainey said, according to the *New York Post*. Although two-thirds of Walmart’s products are sourced from within the United States, the company is still significantly involved with international suppliers, including those from China.

The Yale Budget Lab, quoted by [Econofact](#), estimates that the proposed tariffs would initially drive up consumer prices by up to 5.1 percent, translating to an additional cost per household of \$1,900 to \$7,600 annually.

One of the voices arguing against trade wars is former Congressman and principled constitutionalist Ron Paul.

“Tariffs are a tax on Americans (not China, or anyone else),” he warned in October.

In his article “[Trump’s Tariffs Won’t Bring Us Peace and Prosperity](#),” published in late October, Paul emphasized the importance of free trade in promoting economic growth and cautioned against tariffs that may have unintended negative consequences on the American economy.

Reactions from Canada, Mexico, and China

Early responses from officials in Ottawa and Mexico City indicate strong opposition to Trump’s proposed measures.

According to [Reuters](#), the Mexican government warned about the potential impact of these tariffs on U.S. companies operating within Mexico. The country’s economy minister emphasized that such measures could adversely affect thousands of multinational firms, potentially leading to economic repercussions on both sides of the border. Last week, the ministry [said](#) it would apply retaliatory measures of its own should new U.S. tariffs take effect.

Additionally, Canadian officials have voiced apprehension regarding the proposed tariffs. Ontario Premier Doug Ford described the move as “devastating,” highlighting the potential negative impact on the province’s economy, according to a [BBC report](#). The official Canadian response has been more measured. The reports indicate that Prime Minister Justin Trudeau has engaged in discussions with President-elect Trump and provincial leaders to address the issue.

China has yet to issue an official response. Yet, observers suggest the proposed tariffs could lead to a resurgence of the trade war that marked much of Trump’s previous term in office.

Liu Pengyu, the spokesman for the Chinese Embassy in the United States, wrote on X, “China-US economic and trade cooperation is mutually beneficial in nature. No one will win a trade war or a tariff war.”



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He added that “the idea of China knowingly allowing fentanyl precursors to flow into the United States runs completely counter to facts and reality.” This statement sounds like a dodge, however. Technically, fentanyl *precursors* flow mostly to Mexico, where they are turned into fentanyl and then brought into the United States. This way, China can honestly claim that it is not selling fentanyl or its components to the United States.

The Massive Scope of Tariff Impact

The prospected tariffs on Mexico, Canada, and China would encompass a staggering volume of goods, reflecting the immense trade relationships between these nations and the United States.

For Mexico and Canada, these measures would target a wide range of imports covered under the [USMCA agreement](#). That includes automotive parts, electronics, and agricultural products that are deeply integrated into North American supply chains. Similarly, tariffs on Chinese imports would affect an [estimated](#) \$500 billion worth of goods, including consumer staples such as electronics, clothing, and household items.

The sheer breadth of these tariffs ensures that their effects would ripple through virtually every sector of the U.S. economy, driving up prices on everyday items and intensifying inflationary pressures on American households.

Other Options

While tariffs are constitutional and some of the Founding Fathers favored them as a way to protect American industry, it is true that immediately implementing such tariffs as Trump is proposing, in a vacuum, would negatively affect the U.S. economy in the short term. Plus, there is no guarantee that the tariffs will have the desired effect, i.e., forcing Mexico, Canada, and China to stop the flow of drugs and illegal immigrants into the United States.

Rather than imposing high tariffs with widespread economic consequences, another approach to addressing illegal immigration and fentanyl trafficking would be to focus on enhancing border security. Measures such as strengthening physical barriers and increasing the number of Border Patrol agents could significantly curb the flow of drugs and people. In addition to that, collaborative efforts with Mexico and Canada, such as joint task forces to dismantle trafficking networks, would address the root causes of the crisis without disrupting trade or burdening American consumers. These actions would directly tackle the problem while preserving economic stability and fostering constructive international partnerships.

Furthermore, lower taxes on American businesses and consumers should accompany any tariffs, so as to ease the burden of any potential increases in the cost of consumer goods.



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