

POLITICS

Trump says 25% tariffs on Mexican and Canadian imports will start Tuesday, with ‘no room’ for delay

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1 of 3 | President Donald Trump says “there’s no room left” for Mexico or Canada to avoid 25% tariffs on imports that will go into effect on Tuesday, sparking renewed fears of a North American trade war. U.S.

BY ZEKE MILLER, JOSH BOAK AND ROB GILLIES

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WASHINGTON (AP) — President [Donald Trump](#) said Monday that 25% taxes on imports from Mexico and Canada would start Tuesday, sparking renewed fears of a North American trade war that already showed signs of pushing up inflation and hindering growth.

“Tomorrow — tariffs 25% on Canada and 25% on Mexico. And that’ll start,” Trump told reporters in the Roosevelt Room. “They’re going to have to have a tariff.”

Trump has said the tariffs are to force the two U.S. neighbors to step up their fight against fentanyl trafficking and stop illegal immigration. But Trump has also indicated that he wants to eliminate the Americas’ trade imbalances as well and push more factories to relocate in the United States.

His comments quickly [rattled the U.S. stock market](#), with the S&P 500 index down 2% in Monday afternoon trading. It’s a sign of the political and economic risks that Trump feels compelled to take, given the possibility of higher inflation and the possible demise of a decades-long trade partnership with Mexico and Canada as the tariffs would go into effect at 12:01 a.m. Tuesday.

Yet the Trump administration remains confident that tariffs are the best choice to boost U.S. manufacturing and attract foreign investment. Commerce Secretary Howard Lutnick said Monday that the [computer chipmaker TSMC](#) had expanded its investment in the United States because of the possibility of separate 25% tariffs.

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In February, Trump put a 10% tariff on imports from China. He reemphasized Monday that the rate would be doubling to 20% on Tuesday.

Trump provided a one-month delay in February as both Mexico and Canada promised concessions. But Trump said Monday that there was "no room left for Mexico or for Canada" to avoid the steep new tariffs, which were also set to tax Canadian energy products such as oil and electricity at a lower 10% rate.

Canada Prime Minister Justin Trudeau said Monday that "there is no justification" for Trump's tariffs.

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Canada's foreign minister says her country is ready with a response when President Donald Trump's tariffs begin Tuesday.

"Because of the tariffs imposed by the U.S., Americans will pay more for groceries, gas and cars, and potentially lose thousands of jobs," he said. "Tariffs will disrupt an incredibly successful trading relationship. They will violate the very trade agreement that was negotiated by President Trump in his last term."

Trudeau said his country will retaliate by putting 25% tariffs on American goods worth \$155 billion Canadian (\$107 billion U.S.) over the course of 21 days, starting with tariffs on \$30 billion Canadian (\$21 billion U.S.) after midnight Tuesday.

Mexico President Claudia Sheinbaum went into Monday waiting to see what Trump would say.

"It's a decision that depends on the United States government, on the United States president," Sheinbaum said ahead of Trump's statement. "So whatever his decision is, we will make our decisions and there is a plan, there is unity in Mexico."

Both countries have tried to show action in response to Trump's concerns. Mexico sent 10,000 National Guard troops to their shared border to crack down on drug trafficking and illegal immigration. Canada named a fentanyl czar, even though smuggling of the drug from Canada into the United States appears to be relatively modest.

As late as Sunday, it remained unclear what choice Trump would make on tariff rates. Lutnick told Fox News Channel's "Sunday Morning Futures" that the decision was "fluid."

"He's sort of thinking about right now how exactly he wants to play it with Mexico and Canada," Lutnick said. "And that is a fluid situation. There are going to be tariffs on Tuesday on Mexico and Canada. Exactly what they are, we're going to leave that for the president and his team to negotiate."

Treasury Secretary Scott Bessent said Mexico has also offered to place 20% taxes on all imports from China as part of talks with the United States.

Bessent told CBS News on Sunday that China would "eat" the cost of the tariffs, instead of passing them along to the U.S. businesses and consumers that import their products in the form of higher prices.

But companies ranging from Ford to Walmart have warned about the negative impact that tariffs could create for their businesses. Similarly, multiple analyses by the Peterson Institute for International Economics and the Yale University Budget Lab suggest that an average family could face price increases of more than \$1,000.

"It's going to have a very disruptive effect on businesses, in terms of their supply chains as well as their ability to conduct their business operations effectively," said Eswar Prasad, an economist at Cornell University. "There are going to be inflationary impacts that are going to be disruptive impacts."

Democrats were quick to criticize the announced tariffs for making inflation worse and alienating allies.

Senate Democratic Leader Chuck Schumer of New York said voters in last year's election were primarily upset by inflation and "now Donald Trump is making it worse."

Sen. Amy Klobuchar, D-Minn., predicted the cost of fertilizer will go up for farmers in her state.

"This is a crazy way to handle our allies, right? He's literally reaching out to Russia at the same time that he's putting a 25% tariff on Canadian goods," she said.

Trump also plans to roll out what he calls "reciprocal" tariffs in April that would match the rate charged by other countries, including any subsidies and value added taxes charged by

those countries.

The U.S. president has already announced the removal of exemptions from his 2018 tariffs on steel and aluminum, in addition to tariffs on autos, computer chips, copper and pharmaceutical drugs.

AP economics writer Christopher Rugaber and AP writer Kevin Freking contributed to this report.

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