

**Donald Trump**

# Trump's tariff threat sets stage for bitter global trade war

Trump intends to hit Canada, Mexico and China with tariffs, which experts say will risk retaliation and a damaging economic war



📷 Economists have estimated Trump's broader campaign proposals on trade could cost each US consumer up to \$2,400 a year. Photograph: Mark Felix/Bloomberg via Getty Images

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**Donald Trump's** threat to impose steep tariffs on goods imported into the US has set the stage for a bitter global trade war, according to trade experts and economists, with consumers and companies warned to brace for steep costs.

The president-elect **announced on Monday night** that he intended to hit **Canada**, **Mexico** and **China** with tariffs on all their exports to the US - until they reduce **migration** and the flow of **drugs** into the country.

As officials in the three countries scrambled to respond, Keith Rockwell, a former director at the World Trade Organization, predicted that Trump's move could spark a trade war. "The United States exports hundreds of billions of dollars worth of goods to these countries," he said. "Anyone who expects that they will stand pat and not retaliate has not been paying attention."

China promptly suggested that both sides would lose from an escalation in economic tensions. "No one will win a trade war or a tariff war," Liu Pengyu, a spokesperson at the Chinese embassy in Washington, wrote on X, formerly Twitter. Chrystia Freeland, Canada's deputy prime minister, and Dominic LeBlanc, its public safety minister, touted the country's "balanced and mutually beneficial" economic ties with the US.

Hours after Trump issued the announcements on Truth Social, his social media platform, economists at ING released research that estimated his broader campaign proposals on trade - including a universal tariff of between 10% and 20% on all goods imported from overseas, and a 60% tariff on all goods from [China](#) - could cost each US consumer up to \$2,400 each year.

"This potential increase in consumer costs and inflation could have widespread economic implications, particularly in an economy where consumer spending accounts for 70% of all activity," James Knightley of ING said.

It is unclear whether Trump, who has described "tariff" as "the most beautiful word in the dictionary", will follow through on this plan. Tariffs - levies paid for by the company importing foreign goods - are not popular with voters, even Trump's voters. A [Harris poll](#) conducted for the Guardian found 69% of people believe they will increase the prices they pay.

And while he threatened universal tariffs while campaigning for the White House, this proposal - a 25% duty on all goods from [Mexico](#) and Canada, and a 10% duty on China, on top of existing duties - is more targeted.

**"Trump's statements clearly herald the dawn of a new era of US trade protectionism that will sweep many US trading partners into its ambit," said Eswar Prasad, former head of the IMF's China division. "Such tariffs will have a disruptive effect on US as well as international trade, as countries around the world jockey to soften the blow of US tariffs on their own economies and try to find ways to evade the tariffs."**

On the campaign trail, Trump and his allies claimed such measures would help strengthen the [US economy](#) and “make America wealthy again”. Many economists took a different view, warning that sweeping tariffs would increase the price of goods for US consumers, and risk prompting other nations to retaliate, hitting US businesses exporting goods to the world.

But in his announcements on Tuesday, Trump did not focus on the economic benefits he has claimed tariffs would bring. Instead, he blamed Mexico and Canada for “ridiculous Open Borders” he alleged were prompting an immigration crisis, and China for “the massive amounts of drugs, in particular Fentanyl” arriving in the US - and pledged to impose tariffs on these countries until they addressed his concerns.

“Trump apparently sees tariffs as a tool with broad uses in tackling a variety of malign external factors that have adverse effects on the US economy, society and national security,” noted Prasad, now a professor of trade policy at Cornell University.

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The billionaire hedge fund manager Bill Ackman, who endorsed Trump, wrote on X that the president-elect “is going to use tariffs as a weapon to achieve economic and political outcomes which are in the best interest of America”, in a bid to deliver on his “America First” policy strategy.

Making such announcements on social media “is a great way for Trump to effect foreign policy changes even before he takes office”, Ackman claimed.

As Trump builds out his broader trade strategy, Rockwell, formerly of the WTO, said a 10% universal tariff would be “more manageable” than 20%. “But if you raise it 20%, that creates a different dynamic,” he said. “You’re going to see much, much less demand for these products coming in.

“There will also be, without any doubt, retaliation,” he added. European officials “have got their list drawn up”, he said. “It’s the most closely guarded secret in Brussels, but it’s drawn up.”

Countries will hit back with tariffs on “political pinch points”, Rockwell predicted. Under the last Trump administration, the European Union [targeted US exports including Harley-Davidson bikes, Levi’s jeans and Kentucky bourbon.](#)

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