

# The NATIONAL INTEREST FOUNDATION

## [Impact of U.S. Tariffs on the Global Market](#)

Over this past weekend, President Trump had relayed his intent to impose a 25% tariff on goods from both North American neighbors of Mexico and Canada, in addition to one against China. This drew the attention of foreign leaders and the stock market, prompting a significant [Monday dip](#) as Wall Street braced for the impact of the steep new tariffs and many feared an imminent trade war which would have resulted in lower corporate profits and less consumer spending. The Canadian Dollar and the Mexican Peso each [took a hit in value](#) as well. However, Trump ultimately agreed to a month-long pause on the tariffs against Mexico and Canada, in return for border and crime concessions from the two. Trump's announcement of this came after he stated that Mexican President Claudia Sheinbaum had agreed to send 10,000 soldiers to the border, and Canadian Prime Minister Justin Trudeau expressed the nation's implementation of a \$1.3 billion plan to reinforce its shared border with the United States. Prior to the agreed upon pause, the premier of Ontario had [ordered](#) the removal of all American alcohol from the shelves of the largest liquor wholesaler in the region. Other areas of Canada had also [followed suit](#) by no longer selling "red-state" alcohol and putting up signs that said "Buy Canada Instead."

While these two planned tariffs against Mexico and Canada were put on hold after the countries' respective leaders spoke to Trump, a 10% tariff on China did come to fruition on Tuesday. It is believed that China's slow and limited reply to stop implementation, in conjunction with [Trump's indifference](#), contributed to the initiation of this. Unsurprisingly, this was met with [retaliation](#) from the Chinese government, which levied its own tariffs on American goods as well as restricting the exports of important minerals. Specifically, they imposed [15% tariffs](#) on some coal and liquified natural gas, plus 10% tariffs on crude oil, agricultural machinery, large-displacement cars, and pickup trucks. The Chinese government also launched an antitrust investigation into Google, alleging that the company violated China's "anti-monopoly," and there are plans for an investigation into Apple's policies and its App Store's fees. Additionally, China decided to present a complaint to the World Trade Organization (WTO), [accusing the U.S.](#) of making "unfounded and false allegations" about its role in the fentanyl trade to try and justify tariffs on Chinese products. The issue of fentanyl is one of the main reasons that the Trump administration has used to defend its tariffs. Trump himself has [explicitly stated](#) that he introduced the tariffs "because of the major threat of illegal aliens and deadly drugs killing our citizens, including fentanyl."

It is still unclear how the imposing of tariffs will have any effect on illegal immigration, as a correlation between the two has yet to be observed. The tariff ultimatum did lead to Mexican President Sheinbaum deploying 10,000 troops to the United States-Mexico border, however, as [many experts have noted](#), the measures taken were already in place or likely could have been achieved without Trump's ultimatums. The same goes for the actions taken on the United States-Canada border, where a new "fentanyl czar" will be put in place to supposedly combat the "major threat." What is interesting about this is that many contend that it's not really necessary. Canada plays [almost no role](#) in the fentanyl crisis, as only 43 pounds of fentanyl were confiscated from the U.S.-Canada border last year. For context, roughly 21,100 pounds were seized from America's southern border during the same period of time. All that is to say that it would appear as though Trump is more interested in "winning" a trade war, instead of deploying good diplomacy and policy. It is unknown if Trump's economic strategy would eventually become a trade war against America's largest trading partners, or what exactly that might entail. What is known for certain is that tariffs are an inflationary measure that will [increase the price of goods](#) for consumers across the United States

– hardly in line with what Trump said during his campaign when he promised to reduce inflation and bring down the cost of goods. Economists and business groups have warned that tariffs could raise prices for a wide range of products in the United States and trigger an economic slowdown.

Canada, China, and Mexico are not the only ones that face the threat of possible Trump tariffs. The European Union (EU) and India have tried to get ahead of potential American tariffs by calling for negotiations and cuts. India initiated a [preemptive move](#) by allowing Harley-Davidson bikes to enter the country more easily. The import of Harley-Davidson bikes accounts for roughly \$3 million of revenue annually. It remains to be seen whether these tariff cuts will appease Trump enough to dissuade the prospective trade actions that could follow. With respect to the EU, Trump has said publicly that these tariffs were coming “[pretty soon](#).” The current president of the EU has [expressed](#) that they “have to do everything to avoid this totally unnecessary and stupid tariff war or trade war.”