



President's Speech to Congress Amid Trade War Escalations and News of Unprecedented U.S.- Hamas Direct Talks

On Tuesday evening, President Trump addressed a joint session of Congress for the first time since retaking office, in what amounted to the longest such speech in modern history. Trump sought to tout the array of actions that he has taken during the initial six weeks of his second term. The remarks this week were given in the midst of some noteworthy foreign policy developments, including trade war escalations and revelations regarding unprecedented U.S.-Hamas direct talks. The president reiterated his support for tariffs and erratic trade policies, even in the face of the market turmoil that they have caused, with Trump going as far as to acknowledge the disturbances and warning signs but attempting to downplay them. In addition to his brief mention of the situation in Gaza and his more extensive comments on Ukraine, on the domestic front, Trump defended Elon Musk's efforts to slash the federal workforce, despite objections to the unilateral nature in which the cuts have been carried out.

During his speech, Trump spoke a great deal about tariffs and trade war developments that had taken place earlier in the day on Tuesday. He discussed his decision to levy 25% tariffs on Mexico and Canada (including 10% on energy products) which had been put on hold last month because of an agreed-upon pause, and [an increase to 20% tariffs on Chinese goods](#). The purported reasoning behind them was to "stem the flow of fentanyl into the United States," although Canada [plays a minimal role](#) on the matter. Both China and Canada expressed plans to retaliate, with Beijing announcing "15% tariffs on chicken, wheat, corn, and cotton imports from the United States" and additionally a "10% tariff on sorghum, soybeans, pork, beef, aquatic products, fruits, vegetables, and dairy products," while Canada responded with levies against billions in American goods. Following these Tuesday developments, later in the week on Thursday, Trump unveiled yet another tariff reversal as he would again be postponing them on many imports from Mexico and some from Canada for a month until April 2nd. This is now the second time in less than two months that Trump has announced and then backtracked on tariffs against the United States' North American neighbors. Economic analysts have highlighted how the erratic back-and-forth trade policies are threatening investment and causing upheaval in the financial markets, while also creating a climate of uncertainty for businesses. The exemptions are due to last until early April, at which point Trump is planning another round of tariffs on goods from a range of other countries.

With respect to Trump's planned April 2nd tariffs on a host of additional countries, the president attempted to justify them during his speech by remarking that ["Other countries have used tariffs against us for decades, and now it's our turn to start using them against those other countries."](#) He specified nations like China, India, and South Korea by arguing that they charge extremely high tariffs, but experts pointed out inaccuracies in statements that he made as India, for example, has [historically imposed high tariffs on imported vehicles rating at 125%](#) but to improve relations with the United States, they decided to reduce tariffs on luxury vehicles from 150% to 70%. Regarding South Korea, their tariffs on the U.S. are at 0.79% in 2024, as they signed the Korea-U.S. Free Trade Agreement in 2007 (effective in 2012), which either reduced or eliminated most of the tariffs. On China, it is ultimately a "tit-for-tat" war on trade that has resulted in escalations, so for many observers of the speech, this portion of it was merely an attempt to try and stir up support for the soon-to-be April 2nd tariffs.

In addition to the diplomatic and foreign policy tensions that the trade war escalations are certain to create, they are also expected to have a significant impact on American households – particularly lower income ones. According to [The Budget Lab](#) from Yale University, the amount of disposable income lost for the bottom 20% could be 3 times as much compared to the top 10%, assuming full retaliation from U.S. trading partners. Domestically, economic experts forecast that electronics are likely to rise 10%, motor vehicles 6%, fresh produce 2.9%, and rice 4.4%. It is also expected that leather products, textiles, and wool will see an increase of 9.7%, 6.1%, and 5.7%, respectively. In other words, most things that Americans buy on a weekly basis are going to go up in price. Considering the back-and-forth and pauses on the tariffs and trade policies, it is impossible to say for certain what will happen in the coming months. However, what is known is that the tariffs among North American neighbors will [impact Mexico and Canada](#) far more than the United States. Trade accounts for about 70% of both Canada's and Mexico's GDP, compared to the United States' 20%. Another expected effect of these tariffs is the weakening of every country's currency, which would lessen the impact of these tariffs but raise the effective price of U.S. exports to other nations. There is also the possibility that tariffs will affect the global supply chain, but the magnitude of this is still unclear.

Trade war escalations were not the only foreign affairs-related subject that had notable developments play out during the course of the week. While President Trump's address to Congress only included a brief mention of Gaza when he proclaimed that the United States is working to bring back hostages, news did break the following day on Wednesday – and was confirmed by White House Press Secretary Karoline Leavitt – that U.S. officials have been engaging in unprecedented direct talks with Hamas about the release of hostages and a broader agreement to end the war. The talks have been led by U.S. Envoy Adam Bohler, with Israel reportedly objecting to the secret negotiations in a tense call with the United States. Israeli officials are believed to have found out through other channels that the U.S. decided to still move ahead and conduct the talks despite their objections. Even as the Israeli government has tried to downplay the direct contact between U.S. officials and Hamas, the discussions are an important uncovering – especially in light of the uncertainty that currently surrounds the state of the Gaza ceasefire deal and where things may go from here moving forward.