A trade war involving the United States, Canada, and Mexico began on February 1, 2025, when U.S. president Donald Trump signed orders imposing near-universal tariffs on goods from the two countries entering the United States. The order called for 25 percent tariffs on all imports from Mexico and all imports from Canada except for oil and energy, which would be taxed at 10 percent.

In response, then-Canadian prime minister Justin Trudeau said Canada would retaliate with 25 percent tariffs on CA$30 billion (US$20.6 billion) of American goods, which would expand to CA$155 billion (US$106 billion) after three weeks. Mexican president Claudia Sheinbaum said Mexico would enact tariffs and non-tariff retaliation against the United States. On February 3, one day before they were set to take effect, both leaders negotiated a one-month delay for the tariffs.

The U.S. tariffs entered force on March 4; Canada's retaliatory tariffs began simultaneously, while Mexico said it would wait to retaliate. On March 6, Trump delayed tariffs on goods compliant with the United States–Mexico–Canada Agreement (USMCA)—accounting for about 50 percent of imports from Mexico and 38 percent of imports from Canada. Although the exemption was expected to end on April 2, the U.S. said it would continue indefinitely. Later, the U.S. imposed universal tariffs on steel, aluminum, and automotive imports, including those from Mexico and Canada.

Trump has said the tariffs are intended to reduce the U.S.'s trade deficit with Canada and Mexico, force both countries to secure their borders with the U.S. against illegal immigration and fentanyl smuggling, and promote domestic manufacturing in the United States. Sheinbaum, Trudeau, and Trudeau's successor Mark Carney have called the U.S. tariffs unjustified and said they violate the USMCA. Trudeau said that Trump intends to use tariffs to force Canadian annexation into the United States, which Trump has suggested. Economists have said tariffs would likely disrupt trade between the three countries, upending supply chains and increasing consumer prices.

Economic background

U.S.–Canada trade

Main articles: Canada–United States trade relations and Timeline of the 2025 United States trade war with Canada

The US and Canada have maintained free trade agreements since 1988.[1] The bilateral trade relationship between the United States and Canada is one of the world's largest,[2][3] but Canada-U.S. trade comprises about a third of Canada's economy compared to only 3% of the U.S.'s.[4] In the first nine months of 2024, Canadian government data estimated that CA$800 billion (US$550 billion) of goods crossed the Canada–U.S. border.[5] More than 70 percent of Canadian exports go to the United States.[6] The countries' energy and automotive markets are both highly integrated,[2][3] and Canada is the U.S.'s largest supplier of both steel and aluminum.[7][8] As of November 2024, the U.S. government estimated the United States's trade deficit with Canada to be US$55 billion.[5] This deficit is primarily driven by American demand for Canadian oil; when oil exports are excluded, the U.S. has a trade surplus with Canada.[5]

Roughly 60 percent of oil imported by the U.S. is sourced from Canada,[9] and Canada is the largest supplier of U.S. energy imports and second-largest recipient of U.S. energy exports.[2] The increased value of U.S. imports from Canada is partially a result of the Russian invasion of Ukraine in 2022, which created global market instability and raised energy prices.[2] Cars, trucks, other vehicles, and auto parts constitute 27 percent of Canadian exports to the United States.[6] Canada is the second-largest source of automobile parts imported to the United States.[10]

U.S.–Mexico trade

Main article: Mexico–United States relations § Economic ties

The economies of the United States and Mexico are highly intertwined.[11] In 2024, roughly US$800 billion of goods were transported across the Mexico–U.S. border, and over US$1 billion in commerce between the two countries occurs daily.[11] In 2023, U.S. exports to Mexico totaled US$322 billion, while the U.S. imported over US$475 billion of Mexican products, according to data from the U.S. Census Bureau.[12] More than 75 percent of Mexico's exports go to the United States,[6] and the U.S. is Mexico's primary trading partner.[13] Roughly 70 percent of Mexico's natural gas consumption comes from the U.S., and the U.S. imports about 700,000 barrels of crude oil from Mexico each day.[11] Food production between the two countries is also closely integrated: the U.S. sources roughly half of its fresh fruits and vegetables from Mexico, and Mexico is the top market for U.S. agricultural exports.[11] Mexico is the third-largest exporter of steel to the U.S., behind only Canada and Brazil;[7] both Mexico and the U.S. have been accused of violating an agreement signed alongside the USMCA to limit steel exports between each other. Some Americans, including Trump, have said that Mexico has exceeded the level of exports allowed under the agreement. At the same time, the Mexican steel organization Canacero reported that the level of U.S. steel exports also breached the deal.[11] Mexico is the top source of both automobiles and automobile parts imported to the United States.[10]

Trade agreements

Main articles: North American Free Trade Agreement and United States–Mexico–Canada Agreement

Mexican president Enrique Peña Nieto, U.S. president Donald Trump, and Canadian prime minister Justin Trudeau sign the United States–Mexico–Canada Agreement in 2018

The United States–Mexico–Canada Agreement (USMCA) which went into effect in 2020, updated the 1994 North American Free Trade Agreement (NAFTA).[6][14][15] The region covered by USMCA is one of the world's largest free trade zones.[16] NAFTA eliminated almost all tariffs on trade between the three countries.[3] NAFTA has been described as a source of political division.[17] In the U.S., it caused offshoring as U.S. companies relocated their businesses to Mexico for cheaper labor, harming American factory towns and workers. The backlash to free trade allowed candidates like Donald Trump supporting protectionist policies to rise to prominence in U.S. politics. However, many parts of the U.S. benefited from NAFTA's increased trade and economic activity.[11] In 2020, during Trump's first term as U.S. president, NAFTA was replaced by the United States–Mexico–Canada Agreement (USMCA), primarily because Trump disagreed with NAFTA.[3][18] Changes between NAFTA and the USMCA were largely cosmetic; the new agreement maintained zero tariffs on most products traded across the U.S., Canada, and Mexico, but allowed certain tariffs to be imposed for national security matters.[5][19][20]

Political background

First Trump administration

During his first term, Trump threatened tariffs on Mexico if it did not end illegal immigration to the United States across the U.S.–Mexico border and repeatedly threatened to withdraw from NAFTA.[11] However, he ultimately did not impose tariffs on Mexico after it agreed to create the Mexican National Guard, send 6,000 troops to fight illegal immigration, and allowed the U.S. to expand its "remain in Mexico" policy, which forced certain asylum seekers to stay in Mexico until the U.S. processed their asylum claim.[11][21] Trump pressured Canada and Mexico to renegotiate NAFTA by threatening aggressive import tariffs,[22] and in May 2018, he extended the U.S.'s global tariffs on steel and aluminum to the two countries, inviting them both to retaliate.[23] The three countries agreed to lift the steel and aluminum tariffs in May 2019, one year after they had begun,[24] prior to the USMCA taking effect on July 1, 2020.[25] One month after the USMCA entered force, Trump said that aluminum imports constituted a national security threat that endangered U.S. producers and imposed 10 percent tariffs on Canadian aluminum.[25] Trump ended the tariffs the next month ahead of Canada's planned retaliation.[26]

In 2018 and 2019, Trump also placed major tariffs on China, totaling about US$80 billion of tariffs on about US$380 billion of products, which were largely kept in place by the subsequent administration of Joe Biden.[18] The U.S. government has been concerned over China–Mexico trade, particularly in the automotive sector, because it fears that Chinese companies can use Mexico to export to the United States, circumventing tariffs on China and taking advantage of the USMCA.[11] From October 2023 to October 2024, U.S. authorities apprehended 23,000 people illegally crossing across its northern border from Canada and 1.5 million people illegally crossing its southern border from Mexico.[27]

Canadian politics

Main article: 2024–2025 Canadian political crisis

Trump's 2024 presidential campaign outlined an economic strategy that emphasized the use of tariffs to fund proposed tax cuts and incentive domestic manufacturing in the United States.[28][29] In November 2024, after winning the U.S. presidential election, Trump threatened 25 percent tariffs on all products from Canada and Mexico, which he said would "remain in effect until such time as drugs, in particular fentanyl, and all illegal aliens stop this invasion of our country."[29][30] Shortly after, Canadian prime minister Justin Trudeau—who has a contentious relationship with Trump[31]—traveled to Trump's estate in Florida to speak with him and discuss the tariffs, as well as illegal immigration and drug smuggling across the Canada–U.S. border.[32] On December 16, Canada announced a plan to spend CA$1.3 billion (US$913 million) on border security to allay Trump's concerns.[33] The plan included the creation of a joint U.S.–Canada "strike force" intended to combat transnational crime.[34]

On January 6, 2024, Trudeau declared his intention to resign as Liberal Party leader and prime minister after the election of a new leader on March 9.[35] Doug Ford, the premier of Ontario and head of the Council of the Federation, called a snap provincial election to be held on February 27, saying that he wanted his Progressive Conservative Party of Ontario to have a stronger mandate to oppose Trump's impending tariffs on Canada.[5] On January 31, Trudeau said on social media that Canada was "ready with a forceful and immediate response" if the U.S. moved ahead with its decision to impose tariffs on Canadian exports.[9]

Mexican politics

Since Felipe Calderón's tenure as president of Mexico in 2012, U.S. law enforcement agents based in Mexico were able to collaborate with their Mexican counterparts to gather intelligence, design operations, conduct anti-corruption investigations, and carry out institutional reforms. However, in 2019, Andrés Manuel López Obrador began to scale back international cooperation in the Mexican drug war as part of his "Hugs, not bullets" plan.[36] Opioids, predominantly fentanyl, have killed over 500,000 Americans since 2012.[36] The opioid epidemic in the United States is largely fueled by drugs smuggled from Mexico; approximately 98 percent of fentanyl entering the U.S. comes from Mexico, while less than 1 percent comes from Canada.[37] In 2021 and 2022, during the worst years of the opioid epidemic, over 100,000 people in the U.S. died annually from drug overdoses.[36] In October 2024, Claudia Sheinbaum was inaugurated as president of Mexico.[31] She was described as taking "bold moves" against Mexican drug cartels.[31] Trump's presidential campaign also pledged the mass deportation of illegal immigrants in the United States—the majority of which are from Mexico. In response, Mexican officials created an initiative called "Mexico Embraces You" to welcome deported migrants.[38]

Second Trump administration

Further information: Economic policy of the second Donald Trump administration and Tariffs in the second Trump administration

During his inaugural address on January 20, 2025, at the beginning of his second term, Trump said he would enact steep tariffs on other countries. He said that "Instead of taxing our citizens to enrich other countries", the U.S. would "tariff and tax foreign countries to enrich our citizens".[17] Trump said that both Canada and Mexico are allowing "mass numbers of people to come in and fentanyl to come in" to the U.S. across their borders.[9] Approximately 0.2 percent of fentanyl entering the U.S. comes from Canada, while 98 percent comes from Mexico.[37] Trump launched a process to designate Mexican drug cartels and other criminal organizations as foreign terrorist organizations.[36] He also threatened U.S. military intervention against cartels in Mexico.[36][39] Trump also said both countries were unfairly profiting from the United States's trade deficits.[18][20] He has criticized the United States's trade deficit with Canada while citing inaccurate figures that claim it to be as much as US$200 billion.[5]

Even after Trump declared his intent to impose imminent tariffs on Canada and Mexico, U.S. companies did not make any concerted effort to import large amounts of goods to the United States before their enactment.[40] On January 29, Sheinbaum said of Trump's threatened tariffs that "We don't think its going to happen really", and that "if it happens, we also have our [retaliation] plan", which she declined to detail.[38] The Mexican foreign ministry said Mexican officials were in talks with the Trump administration.[38]

Trump also made repeated calls for Canada to be annexed by the United States as its "51st state",[41][42][43] and said that while he would not use military coercion, he could use "economic force" to bring about Canadian annexation.[44] Since the trade war began, Trudeau has said that Trump's comments should be taken as a serious threat against Canadian sovereignty and that Trump seeks to control Canada to access its mineral resources.[45] In an interview, Trump said that his suggestions to annex Canada were serious, and argued that the U.S. trade deficit with Canada was "essentially a subsidy" and that Canada would be "much better off" in the United States.[46] Trump has argued that Canadian statehood would make tariffs "totally disappear", lower Canadian taxes, and make the country more secure militarily, and called the Canada–U.S. border an "artificial line that looks like it was done with a ruler".[47] Trudeau has said that Canadian annexation is "never going to happen".[47]

Initial tariff threats
Photograph of a man
United States president Donald Trump
On February 1, 2025, Trump signed three executive orders imposing 25 percent tariffs on all goods from Mexico and Canada[18] except for Canadian oil and energy exports, which received a 10 percent tariff.[20][9] Mexican energy exports will receive the full 25 percent tariff.[48] The orders were issued under the International Emergency Economic Powers Act (IEEPA) and were set to take effect at 12:01 a.m. Eastern Standard Time on February 4.[9] Trump also ordered 10 percent tariffs on China, which would be imposed in addition to the existing tariffs of up to 25 percent on many Chinese goods.[20] The orders included a clause allowing the U.S. to increase its tariffs if the countries respond with their own tariffs or other retaliatory measures.[9]

Trump used the IEEPA—a 1977 U.S. law giving the president broad financial power during declared national emergencies—to circumvent the USMCA's tariff restriction for reasons other than national security,[5][49] marking the first time the law was used to impose tariffs.[49] Trump cited both the influx of illegal immigrants crossing the United States's borders with both Mexico and Canada, as well as the opioid epidemic in the United States fueled by fentanyl originating in China reaching the U.S. through Mexico and Canada.[18][20][9][50] In the executive order, he said that Canada has played a "central role" in allowing fentanyl to enter the U.S. and that it has failed to "devote sufficient attention and resources or meaningfully coordinate" with the U.S. to "stem the tide of illicit drugs," despite the vast majority of fentanyl in the U.S. coming from the southern border with Mexico.[18][5] The tariffs are also aimed at incentivizing manufacturers to hire Americans to make their products in the U.S. instead of importing them from other countries.[20] In later remarks, Trump repeated his hope for Canada to be annexed by the United States, and said that it could do so to avoid tariffs.[51][52]

According to Bloomberg News, Trump advisors Peter Navarro and Stephen Miller were the leading officials in the economic discussions regarding the imposition of tariffs. At the same time, China was included at the urging of the National Security Council.[53] In a post on Truth

Social, Trump said: "We need to protect Americans, and it is my duty as president to ensure the safety of all. I made a promise on my campaign to stop the flood of illegal aliens and drugs from pouring across our borders, and Americans overwhelmingly voted in favor of it." While he acknowledged that the tariffs could cause "temporary short-term disruption," he said that they needed to be imposed. Trump also claimed that "Tariffs don't cause inflation" but rather that "They cause success."[18]

Canadian response
Photograph of a man
Canadian prime minister Justin Trudeau
Hours after Trump imposed the tariffs on February 1, Trudeau said that Canada would retaliate against the United States with tariffs.[3][5] He said that Canada would impose 25 percent tariffs on CA$30 billion (US$20.6 billion) of American exports immediately after the U.S. tariffs take effect and impose 25 percent tariffs on a further CA$125 billion (US$86 billion) worth of goods in the next three weeks.[18][35] Trudeau said that the delay would allow Canadian businesses to prepare.[35] He added that Canada was considering more retaliatory trade action in addition to tariffs to force Trump to end the trade war, including export restrictions on critical minerals and energy products or a block on American companies bidding on government contracts.[5]

Trudeau said that American liquor, vegetables, clothing, shoes, and perfume would be among the first to face retaliatory tariffs and that tariffs on consumer goods such as household appliances, furniture, and sports equipment would also be imposed.[5] Canada's retaliation is aimed mainly at "red states" of the U.S., led by Trump's Republican Party.[35] In his speech, Trudeau presented data showing that only about 1 percent of fentanyl imports and illegal border crossings to the United States come from its border with Canada.[35] He called the U.S.–Canada relationship "the most successful partnership the world has ever seen" across all domains[35] and accused Trump's tariffs of violating the USMCA.[18] He also said that the tariffs endanger American consumers and industries,[18] calling Canadians to "choose Canadian products and services rather than American ones" wherever possible.[18][5] Trudeau stated: "This is a choice that, yes, will harm Canadians, but beyond that, it will have real consequences for you, the American people. As I have consistently said, tariffs against Canada will put your jobs at risk, potentially shutting down American auto assembly plants and other manufacturing facilities."[54][55]

A shelf in a liquor store, it is empty except for the top shelf
A liquor store shelf in Ontario with all American products removed in March 2025
Canada's premiers also responded. Ontario premier Ford said that Canada has "no choice but to hit back and hit back hard"[5] and ordered the Liquor Control Board of Ontario to end sales of American alcohol.[56] Alberta premier Danielle Smith, who had until then been opposed to aggressive trade action against the United States, said Canada needed to respond to Trump's "mutually destructive policy" and that she supported "the strategic use" of tariffs on U.S. goods "that are more easily purchased from Canada and non-U.S. suppliers".[5] Premier François Legault of Quebec said he ordered Treasury Board president Sonia LeBel to "review all procurement contracts involving American suppliers" and penalize any that do business with

Quebec's government.[57] He also directed the Société des alcools du Québec to remove all American products from its shelves.[58]

In Nova Scotia, Premier Tim Houston said the province will double highway tolls for U.S. vehicles and direct the Nova Scotia Liquor Corporation to stop selling all U.S. liquor by February 4.[5] Northwest Territories premier R.J. Simpson also announced that his government would review its procurement policies to eliminate purchases from U.S. companies where possible.[59] Premier Wab Kinew of Manitoba and Premier Dennis King of Prince Edward Island both said that their provinces would stop importing American liquor,[60][61] while British Columbia premier David Eby said the BC Liquor Distribution Branch would halt liquor purchases from Republican-led states.[62] On March 10, this was then expanded to ban all U.S. alcohol.[63] Legislation is also planned on being introduced that would tariff U.S. vehicles driving to Alaska through the province.[64] Yukon premier Ranj Pillai said his territory's government would halt orders of U.S. alcohol, review its contracts with U.S. companies, and consider tolls on U.S. vehicles, but later said the measures would be put on hold until tariffs came into effect.[65]

Pierre Poilievre, the leader of the opposition Conservative Party, condemned what he called "massive, unjust and unjustified tariffs". He urged that the government end the current prorogation of parliament to retaliate with measures including dollar-for-dollar tariffs on U.S. goods that he said would raise money to help "affected workers and businesses". He also repeated his demand for a "massive" tax cut and other efforts to bolster the economy.[5]

Mexican response
Photograph of a woman
Mexican president Claudia Sheinbaum
Sheinbaum had spoken to Trump before his inauguration to de-escalate his tariff threats. Trump said that Sheinbaum had agreed to "effectively closing" the Mexico–U.S. border border to avoid tariffs; Sheinbaum denied this, but said that "there will not be a potential tariff war".[66] After Trump signed executive orders imposing 25 percent tariffs, Sheinbaum said Mexico would implement tariff and non-tariff retaliatory measures against the United States.[18] She said the retaliation was "in defense of Mexico's interests".[12] Sheinbaum did not specify which U.S. goods Mexico's retaliation would target, though media reports claimed Mexico had been preparing possible retaliatory tariffs ranging from 5 percent to 20 percent on pork, cheese, produce, steel, and aluminum; reports also claimed that Mexico intended to exempt the automotive industry from tariffs.[12]

Marcelo Ebrard, Mexico's secretary of economy, called Trump's tariffs a "flagrant violation" of the USMCA.[67] Sheinbaum also responded to Trump's claim that she has an alliance with the Mexican drug cartels, calling it "slander". At an event on February 1, she said Mexico would keep a "cool head" in proceeding with its retaliations, and she proposed establishing a task force with the U.S. to address Trump's issues with Mexico and said that "problems are not resolved by imposing tariffs".[18]

One-month delay

On February 3, 2025, Sheinbaum and Trump mutually agreed to delay the tariffs on Mexico by one month, until March 4. Sheinbaum accepted sending 10,000 troops from the Mexican National Guard to their border to prevent drug trafficking. Trump said the U.S. had pledged to take measures to curb weapons trafficking to Mexico.[68][69] During their call, Trump complemented Sheinbaum, telling her "You're tough".[31] After their call, Sheinbaum directed Mexican law enforcement agencies to target fentanyl gangs, and Mexican police raided opioid labs and arrested cartel members.[6] On February 27, Mexico transferred 29 cartel operatives, Sinaloa Cartel founding member Rafael Caro Quintero, to the United States to face criminal charges there.[70][71][72] Sheinbaum's calm demeanor during calls with Trump and success in mitigating illegal immigration and fentanyl appeared to earn the respect of Trump and impressed members of his administration, including Stephen Miller, who is Trump's deputy chief of staff for policy and the U.S. homeland security advisor.[31] Trump later described Sheinbaum as "a wonderful woman" with whom he has a "very good" relationship.[31]

Trump also spoke to Trudeau on February 3. During their call, he introduced concerns that Canada was not allowing U.S. banks to "open or do business there"; Canada allows American banks to operate commercially in the country but had restricted personal banking to protect its citizens from bank failure.[73] The Canadian Bankers Association said that 16 U.S.-based bank subsidiaries and branches with around CA$113 billion (US$78.6 billion) in assets are currently operating in Canada.[74] After a second call that afternoon, Trump and Trudeau successfully negotiated a one-month delay on the tariffs.[75]

Officials present for the call told The New York Times and the Toronto Star that in addition to concerns over banking, Trump also relayed grievances over Canada's protection of its dairy sector and Canadian consumption taxes that Trump said make American goods more expensive.[76] Trump also said that the 1908 treaty between the United States and the United Kingdom that established the 49th parallel as the border between the U.S. and the dominion of Canada was invalid and that he wanted to revise it.[74][76] Trudeau and his aides then scrambled to "google" the treaty, after which Trudeau told Trump that it had been superseded by the Canadian Constitution of 1982 and that the patriation of Canada from Britain under the premiership of Trudeau's father Pierre Elliott Trudeau had established Canada's full sovereignty over its territory.[74]

Trump also mentioned during the call that he wanted to revisit the numerous treaties regulating the sharing of lakes and rivers between the U.S. and Canada.[76] In addition, he raised Canada's level of defense spending, and questioned whether Canada does "anything" to contribute to the North American Aerospace Defense Command (NORAD), the joint U.S.–Canada air defense command that operates across North America.[74]

Trudeau told Trump that Canada would appoint a "fentanyl czar", list Mexican drug cartels as terrorists, create an intelligence directive targeting fentanyl and organized crime supported by CA$200 million (US$140 million) in funding, and implement its CA$1.3 billion (US$913 million) border program and establish a Canada–U.S. joint strike force to combat organized crime, fentanyl, and money laundering.[75] Trudeau also assured Trump that 10,000 personnel "are and will be" working on border security in Canada.[74] In response, Trump issued an updated executive order changing the start date of the tariffs to March 4 at 12:01 a.m. Eastern Time.[77] Trump wrote on social media after the call that he was "very pleased with this initial outcome" and the tariffs had been delayed "to see whether or not a final economic deal with Canada can be structured".[74] On February 11, Canada appointed Kevin Brosseau, a former deputy national security advisor to Trudeau and former Royal Canadian Mounted Police senior, as the fentanyl czar.[78]

After the call between Trump and Trudeau on February 3, Howard Lutnick, the incoming U.S. secretary of commerce called Dominic LeBlanc, the Canadian finance minister, who he had been communicating regularly since December 2024. Lutnick said that Trump had realized that the U.S.–Canada relationship was governed by a series of agreements that could quickly be abandoned. He said Trump was interested in dissolving arrangements related to sharing and managing the Great Lakes, and reviewing military cooperation between the two countries, including NORAD.[76] Lutnick also said Trump wanted to remove Canada from the Five Eyes, an intelligence-sharing alliance between the U.S., Canada, United Kingdom, Australia, and New Zealand;[76][79] the Financial Times reported that some officials in Trump's administration have sought to remove Canada from the alliance.[79]

Marco Rubio, the U.S. secretary of state, dismissed that the U.S. was reconsidering military cooperation with Canada.[76] However, Canadian officials, despite initially believing Trump's suggestions of annexing Canada into the United States to be a joke, began to interpret them as serious threats.[47]

Subsequent tariff threats

On February 10, 2025, Trump imposed 25 percent tariffs on steel and aluminum entering the United States from all countries, including Canada and Mexico, which provide most of the U.S.'s metal imports.[7] The steel and aluminum tariffs are set to enter force on March 12.[80] Trump said those tariffs were "the first of many", and that over the next four weeks, he would discuss tariffs on cars, pharmaceuticals, chips, and other goods with his team.[7] In response, Trudeau called the tariffs "unacceptable" and said he hoped talks with the Trump administration would resolve the issue, but that Canada will have a "firm and clear" response if needed.[80] Shares of U.S. steelmakers rose in response to Trump's order, while prices for steel and aluminum rose.[80]

Imposition of tariffs

On March 3, Trump said that the tariffs that were delayed from February would take effect as planned on March 4, and that there was "no room left" for Canada or Mexico to negotiate a last-minute deal with the United States to delay them further.[81][82] Lutnick said that both Canada and Mexico had made progress on improving border security, but that neither had satisfied the U.S.'s demands to halt the flow of fentanyl into the United States.[82] Canadian foreign minister Mélanie Joly said that Canada was prepared to respond, while Sheinbaum reaffirmed that Mexico's prior response plans would take effect when Trump's tariffs were imposed.[82] U.S. tariffs on Canada and Mexico began as scheduled, at 12:01 a.m. Eastern Time on March 4.[83]

Canada's retaliation began simultaneously: 25 percent tariffs on CA$30 billion (US$20.6 billion) of U.S. goods took effect on March 4, and Trudeau affirmed that 25 percent tariffs on an additional CA$125 billion (US$86 billion) of U.S. goods would take effect 21 days later, on March 25.[84] After the tariffs were imposed on March 4, Trudeau said in a news conference that Trump's "excuse" for the tariffs of fentanyl was "completely bogus" and "completely false", and that Trump was imposing tariffs because he wished for "a total collapse of the Canadian economy" to "make it easier" for the U.S. to annex Canada.[42][76] Trudeau called Trump's decision to impose tariffs "very dumb", and said Canada would "not back down from a fight".[85]

The onset of the tariffs led to stock market declines in the U.S., especially for retailers and car manufacturers.[85] On March 5, Lutnick said Trump was "listening to the offers from Mexico and Canada" and "thinking about trying to do something in the middle", suggesting that tariffs could take effect at a less significant scale.[86] Later that day, Trump granted a one-month exception from the tariffs for automakers compliant with USMCA regulations, which represent about 85 percent of passenger vehicles imported to the U.S. from Mexico in 2024. Trump decided after meeting with executives from the three largest U.S. automakers—Ford, General Motors, and Stellantis—who said that the tariffs would harm U.S. companies more than their foreign rivals.[87]

After the U.S. tariffs entered force on March 4, Sheinbaum said she would announce Mexico's countermeasures, including retaliatory tariffs, on March 9. She cited plans to speak with Trump in the intervening days as the reason for her delayed response.[88] Sheinbaum said that if the tariffs persisted, Mexico would "reach out to Canada and other nations" and could look for trading partners other than the U.S. or shift trade alliances "if necessary".[6]

Trump and Sheinbaum spoke by phone on March 6.[89] Sheinbaum began the call by listing to Trump her efforts to secure the Mexico–U.S. border and fight fentanyl trafficking, suggesting to him that the tariffs would make it more difficult for her to justify cooperation with the U.S. to a domestic audience.[31] She sent Trump a chart showing how fentanyl seizures at the border had dropped dramatically since the 10,000 National Guard troops had arrived.[6] During the call, Trump complimented Sheinbaum and asked her opinion of Trudeau, calling her "lucky" after she responded that they rarely talked.[31] While Sheinbaum recounted that Trump initially refused to lift tariffs,[6] by the end of their call Trump offered exclusions for many Mexican goods.[31]

After speaking to Sheinbaum, Trump posted on social media that he would delay tariffs on all USMCA-compliant goods[31]—which U.S. officials said account for 50 percent of U.S. imports from Mexico[89]—until April 2 "out of respect" for Sheinbaum, and thanked her for her "hard work and cooperation".[31] Immediately afterward, Sheinbaum wrote on Twitter that she and Trump had an "excellent and respectful" call and thanked Trump, saying the two had "agreed that our work and collaboration have yielded unprecedented results".[6]

Trudeau and Trump had spoken by phone on March 5, and Trump said their conversation ended on a "somewhat 'friendly'" note.[6] However, Canada was not extended the delay of tariffs on USMCA-compliant products until after Trump spoke to Sheinbaum on March 6.[6][89] After Trump's announcement, which American officials said delayed tariffs on 38 percent of Canadian goods imported to the U.S. until April 2,[89] Canadian officials said that the planned increases in their retaliatory tariffs would be suspended, though the initial tariffs on the U.S. would remain in place.[90]

Course of the trade war

On March 7, Trump threatened reciprocal tariffs on Canadian lumber and dairy products. He said the tariffs would be as high as about 250 percent and take effect the following week.[91][92] Later, Trump said that Canada "must immediately drop their Anti-American Farmer Tariff of 250 percent to 390 percent on various U.S. dairy products, which has long been considered outrageous." Canada's tariff-rate quota on U.S. dairy products allows a certain amount of U.S. dairy products to enter the country without facing tariffs, with high tariffs only imposed if the imports surpass a certain amount. Since U.S. dairy exports to Canada have never exceeded the quota, the Canadian tariffs have never been activated.[47]

On March 9, the day Sheinbaum had planned to announce Mexico's retaliation, she held an event in Mexico City's central plaza to celebrate the delay on the U.S. tariffs, which tens of thousands of Mexicans attended. Sheinbaum said during the event that "Fortunately, dialogue and respect have prevailed" and they she was optimistic that Mexico would not be given further tariffs and that she would negotiate with Trump with a "cool head".[13]

Beginning on March 10, Ontario imposed a 25 percent surcharge on electricity exports to the U.S. states of Michigan, Minnesota, and New York.[47][93] The next day, Trump said that Canada would face 50 percent tariffs on steel and aluminum on March 12, rather than the 25 percent tariffs imposed on every other country.[47] Ford said that afternoon that he would suspend the surcharge on electricity exports, saying "The temperature needs to come down." In response, Trump said that the U.S. would only impose 25 percent tariffs on Canadian steel and aluminum.[47][93] On March 13, the day after those tariffs entered force, Canada imposed 25 percent tariffs on an additional CA$29 billion (US$20 billion) of U.S. goods.[94][95] In a joint statement, Ford and Lutnick said that U.S. and Canadian officials would meet in Washington, D.C., on March 13 to discuss a "renewed USMCA".[96]

Mark Carney, Trudeau's successor as prime minister

On March 9, Mark Carney won the Liberal Party leadership election to succeed Trudeau as Canadian prime minister. In his acceptance speech, he said that he supported the Trudeau government's retaliatory tariffs and that his government would keep them in place "until the Americans show us respect."[97] As prime minister–designate, he called Trump's threats to impose tariffs on dairy and metals "an attack on Canadian workers, families, and businesses", and that his government would ensure that its response had a "maximum impact in the U.S. and minimal impact here in Canada." He added that tariffs would remain until the U.S. made "credible, reliable commitments to free and fair trade."[47] Carney was sworn in on March 14, beginning his premiership.[98][99]

Trump has said he will impose "reciprocal" tariffs on all countries beginning in April 2.[6] Regarding Canada, he said that if it did not drop "egregious, long time Tariffs" by April 2, he would "substantially increase" tariffs on Canadian cars entering the U.S. to "essentially, permanently shut down the automobile manufacturing business in Canada."[47] Trump later announced that 25 percent tariffs on all imported cars and car parts would enter force on April 2.[100] In response, Carney said that "it clear that the United States is no longer a reliable partner", and that while "it is possible that, with comprehensive negotiations, we will be able to restore some trust", "there will be no turning back" in the Canada–U.S. relationship.[100][101]

Carney and Trump spoke directly for the first time in a phone call on March 28.[102] Carney called the call "very cordial" and "substantial", and said that Trump "respected Canada's sovereignty".[102][103] Trump described his call as "extremely productive" and said that he and Carney "agree on many things".[100][104] Trump referred to Carney as the "prime minister of Canada", whereas he had addressed Trudeau as the "governor" of the U.S. state of Canada. In addition, Trump said that he believes "things will work out very well between Canada and the United States".[100][105] Carney told Trump that Canada would respond with retaliatory tariffs if the U.S. tariffs planned for April 2 came into effect.[103] Both leaders agreed to start "comprehensive negotiations about a new economic and security relationship" between Canada and the U.S. after the Canadian federal election on April 28.[105]

On April 2, when Trump imposed universal 10 percent tariffs on imports from all countries, Canada and Mexico were exempted; the countries faced no new tariffs from the U.S. and the exemption given to most USMCA-compliant goods was extended indefinitely.[106] The same day, the U.S. Senate narrowly approved a measure that would revoke some of Trump's tariffs on Canada. Four senators from the Republican Party (Susan Collins, Lisa Murkowski, Rand Paul and Mitch McConnell) joined all senators of the opposition Democratic Party in passing the resolution. However, the measure also needs to pass the Republican-controlled House of Representatives to take effect, in which Republican leaders have much more power to block it.[107][108]

Sheinbaum said that Mexico had been given "preferential treatment" by the U.S. and that Canada and Mexico had avoided additional tariffs because of the USMCA. She added that there was a "mutual respect" relationship between U.S. and Mexican officials. Mexican economy secretary Ebrard said that the worldwide U.S. tariffs could help Mexico by making it cheaper to do business there relative to other countries.[109] Despite Canada's exclusion, Carney denounced the tariffs and said they would "rupture the global economy" and harm economic growth. He also said he would seek to assemble a "coalition of like-minded countries" to create an alternative to the U.S., and that "if the United States no longer wants to lead, Canada will". He declared: "The 80-year period when the United States embraced the mantle of global economic leadership, when it forged alliances rooted in trust and mutual respect and championed the free and open exchange of goods and services, is over. While this is a tragedy, it is also the new reality."[110]

Trump announced universal 25 percent tariffs on automobiles and automobile parts on March 27, which came into effect on April 3.[10] When the U.S. tariffs began, Carney announced that Canada would retaliate with a 25 percent tariff on U.S. cars and trucks imported into Canada and that Canada would use the money generated from the tariffs to support people and businesses negatively impacted by U.S. tariffs.[110] Sheinbaum said that the U.S. auto export tariffs were a concern for Mexico and that she hoped to continue speaking to U.S. officials to lower tariffs on auto exports, steel, and aluminum.[109] Rather than retaliating with tariffs, however, Sheinbaum announced that Mexico would try to mitigate the impact of the tariffs by increasing domestic production of corn, beans, and rice, in addition to fuel and refined oil products to reduce its dependence on U.S. natural gas.[111]

In response to Trump's 25% tariff on automobiles on 3 April, Canada imposed 25% tariffs on non-CUSMA-compliant U.S.-made vehicles, and on the non-Canadian and non-Mexican content of CUSMA-compliant U.S.-made vehicles on April 9.[112]

Stock market

The trade war led investors to fear that tariffs could create inflation by causing rises in both manufacturing costs and consumer prices, leading to volatility in the U.S. stock market.[113][114][115] Trump has characterized the economy as being in "period of transition" for the start of his presidency.[115] On March 3, after Trump confirmed the imposition of tariffs on Canada and Mexico, as well as the increase of tariffs on China from 10 percent to 20 percent set to take place the same day, the U.S. stock markets dropped considerably: the S&P 500 index fell by 1.8 percent, while the Nasdaq-100 index fell by 2.6 percent.[116][117] By March 6, the S&P 500 had lost almost all of its gains since November 2024.[118]

On March 9, Trump declined to say whether his policies could lead to a recession in the United States.[119] He said in an interview with Fox News that it would take time to see the payoff from his policies, but that they would ultimately be worthwhile, saying "If you look at China, they have a 100-year perspective. We have a quarter. We go by quarters, and you can't go by that. You have to do what's right."[120] The next day, the S&P 500 dropped an additional 2.7 percent—its largest single-day drop of 2025—and the Nasdaq by 4 percent.[119][121] On March 10, the S&P 500 fell by 1.4 percent, pushing it into a correction, which is defined as a fall in a stock market index of over 10 percent from its peak; the S&P 500 was 10.1 percent lower than its record high,[122] which was on February 19.[119] The market's losses were equivalent to over US$4 trillion in value;[119] the Nasdaq-100 and Russell 2000 indices had already entered corrections.[122] On March 11, the S&P 500 rose by 2.1 percent, exiting a correction, though ending the week down 2.3 percent.[114] After Trump's April 2 tariffs, the S&P 500 fell over 10 percent in two days, in its worst week since the COVID-19 recession of 2020.[123][124]

In Canada and Mexico, stock markets were more stable. By March 6, Mexico's most prominent stock market index, the Índice de Precios y Cotizaciones, had risen 6 percent since the beginning of 2025. Canada's benchmark index, the S&P/TSX, was almost the same level it began the year.[6]

Reactions and responses

Canadian reactions

Further information: 2025 Canadian boycott of the United States

The facade of a Canadian Tire with a banner reading "Canadian owned and operated" on a Canadian flag

A Canadian Tire store in Ontario featuring a Canadian flag reading "Canadian owned and operated"

The United States tariffs and threats against Canada have harmed historically strong Canada–U.S. relations,[125] caused increases in Canadian nationalism and patriotism,[126][127] and led to an uptick in anti-Americanism.[125]

In February 2025, a poll by the Angus Reid Institute found that 91 percent of Canadians expressed a desire to decrease Canada's reliance on the U.S. as a trade partner;[126] it also showed a 10 percentage-point increase in Canadians saying they are "very proud" of and "have a deep emotional attachment" to Canada compared to December 2024.[127] An Ipsos poll in February 2025 found that, after Trump's threats, 68 percent of Canadians thought less of the United States, while 65 percent said they would avoid traveling to the U.S. and 67 percent said they would avoid buying U.S.-made products.[128][129] The same month, a Léger poll found that 27 percent of Canadians considered the U.S. an "enemy", while only 1 percent of Americans thought the same of Canada.[130]

In the days after the initial tariff announcements, Canadian crowds booed the U.S. national anthem at sporting events featuring American teams.[131] Many Canadians began a boycott of American goods and of travel to the United States and a "Buy Canadian" movement gained traction across the country.[125] As prime minister, Trudeau supported the Canadian boycott.[6]

Many Canadian politicians, including Trudeau and Poilievre, adopted the rhetoric of national unity, and the trade war and conflict with the U.S. created a rally 'round the flag effect in the lead-up to the 2025 Canadian federal election.[125][132] Both Canadians across the political spectrum and Canadian society at large have grown concerned over threats from the United States;[76] Canadian politicians have been incentivized to "push back immediately and forcefully" against Trump and the U.S. because of the threats to Canadian sovereignty.[6] The trade war also increased support for the removal of trade barriers between Canada's provinces, which Trudeau said that all premiers support but that "challenges within bureaucracies" persist.[74]

Whereas in early January 2025 the Liberals had trailed the Conservatives in federal election opinion polls by over 20 points for months,[133] the party began to close the gap in polls after the trade war began and Trudeau announced his resignation.[6] Support for the New Democratic Party and Bloc Québécois also fell dramatically,[134] and polling has suggested a close race between the Carney-led Liberals and the Poilievre-led Conservatives.[133][134]

In February 2025, following Trump's initial announcement, Canadian travel to the United States dropped by 40 percent compared to February 2024.[135] A March 2025 Abacus Data poll found that 62 percent of Canadians planned to avoid traveling to the U.S. for the next year,[136] and American tourism groups are worried they will lose Canadian tourist traffic.[137][138] The mayor of Haines, Alaska, a town connected to the outside world only through Yukon, has expressed concern that the tariffs will affect the normally friendly relations between Americans and Canadians.[139] The shift in Canadian travel away from the U.S. could amount to an annual loss of US$4 billion for the U.S. economy.[140] In March 2025, the Trump administration said that beginning on April 11, 2025, Canadians entering the U.S. for more than 30 days are required to register with authorities and be fingerprinted.[141]

Other reactions

The tariffs could affect negotiations on renewing the USMCA, for which a review is due in 2026.[6] Trump has ordered U.S. officials to review and report how to correct "unfair" trade practices by April 1, 2025. Canadian officials have grown concerned that Trump may threaten tariffs to force changes to the agreement.[74]

In the United States, a February 2025 survey by The Harris Poll for Bloomberg News found that around 60 percent of Americans believe that high tariffs could cause consumer prices to rise.[142] The following month, a poll by the University of Michigan found that the number of Americans expressing confidence in the economy fell by 11 percent in March 2025, and that the number expecting inflation rose.[115] In the United States, Trump's initial decision to impose tariffs on Canada and Mexico was criticized by the editorial board of The Wall Street Journal, which said that his "justification for this economic assault on the neighbors makes no sense" and that Trump had begun "the dumbest trade war in history".[143]

Many Americans believe Trump's threats to annex Canada are a joke or a negotiation strategy,[74] and Trump's tariff policy in general raised questions about whether he has a serious intent to impose tariffs or whether his orders to impose them are threats intended only to serve as a negotiation tactic.[80] The imposition and rollback of tariffs created uncertainty for many businesses,[144] and has led to an erosion of international confidence in the U.S. as a reliable trade partner.[6]

According to Deutsche Welle, Trump's imposition of tariffs on Canada and Mexico violated both the USMCA and the rules of the World Trade Organization (WTO), of which all three countries are members.[145] On March 13, 2025, the WTO said that Canada had formally requested to begin dispute resolution proceedings with the United States, saying that the tariffs violated the U.S.'s commitments under the 1994 General Agreement on Tariffs and Trade.[146] On April 7, Canada also initiated WTO dispute resolution proceedings regarding the U.S. tariffs on cars and car parts.[147]

In Mexico, the government and local businesses aimed to bolster a "Made in Mexico" campaign to promote domestic products.[148] Some Mexicans called for boycotts of U.S. products after

Trump's initial threat of tariffs,[149] and a poll by the Mexican firm Buendía & Márquez found that 80 percent of Mexicans held a negative opinion of Trump in mid-February 2025, an increase from 66 percent in early January.[148] Sheinbaum's approval rating also rose, with some polls in February 2025 suggesting that it exceeds 80 percent.[6]

The European Commission—the executive branch of the European Union—condemned U.S. tariffs on Canada and Mexico, and called for the U.S. to "reconsider its approach".[150]

Prospective economic impact

The trade war is expected to significantly disrupt trade between the United States, Mexico, and Canada and upend supply chains across North America.[20][35] Many economists have expressed skepticism over the effectiveness of Trump's strategy in imposing tariffs,[20] and many have said that increased tariffs would raise the prices of consumer goods in the U.S. and worsen the country's cost-of-living crisis.[18] The Budget Lab at Yale University estimated that the tariffs would lead to a loss of about US$1,200 in purchasing power for the typical American household.[20] While some companies will opt to bear the cost of the tariff, others are likely to raise prices on consumer products to offset lost revenue or attempt to negotiate lower prices for their products.[9]

Because the United States does not produce enough oil to satisfy its demand, 10 percent tariffs on Canadian oil and energy will likely lead to an increased oil price across the United States.[11][5][151] This is especially true in the Midwest, a region heavily reliant on oil imported from Alberta.[5][9] The Canadian government had previously said that U.S. gas prices could increase by US$0.75 per gallon overnight if tariffs were imposed.[5] Tariffs could also increase the cost of electricity in some U.S. states, especially those that rely on Canadian provinces like Ontario, Quebec, and British Columbia for energy.[5] Outside North America, tariffs on energy imports would give European and Asian oil refineries a competitive advantage against their rivals.[48]

The tariffs could also lead to price increases in various U.S. imports from Mexico and Canada, including fruits, vegetables, beer, liquor, and electronics from Mexico and potatoes, grains, lumber, and steel from Canada.[5][151] Price increases would compound with high inflation in the U.S., especially in grocery prices.[151] The cost of Canadian lumber, used by many homebuilders in the U.S., would also likely increase.[5] The tariffs would also cause risk to the U.S. farming and fishing industries.[9]

The tariffs pose a risk of "severe recession" in Mexico if maintained.[18] A year-long 25 percent tariff could cause Mexican exports to fall by around 12 percent, ultimately leading to a 4 percent decline in the country's gross domestic product in 2025.[12] The American Chamber of Commerce in Mexico, the group representing U.S. companies in the country, said tariffs would harm both economies and "fail to address the real challenges of security, migration and drug trafficking".[18] The Mexican automobile industry is likely to be most susceptible to upheaval from the tariffs, alongside the electric equipment sector,[20][9] making it the largest beneficiary of the reprieve given to USMCA-compliant car imports.[6]

Canada, a highly trade-dependent economy, will also likely suffer, experiencing harmed economic growth and increased prices for businesses and consumers.[3] The Canadian economy could enter a recession within six months if the tariffs are maintained.[131] Quebec premier Legault said that the U.S. tariffs could cause the loss of as many as 100,000 Canadian jobs within the province.[57] Prices could also increase in Canada for even domestically produced products, mainly if the tariffs cause economic difficulties for smaller businesses.[3] Canadian companies being unable to sell their products to Americans at the same volume would also cause some of them to cut workers, scale back, or even shut down entirely.[5] Canada's mineral processing industry will likely be significantly harmed by the tariffs.[9]

NEW YORK (AP) — Long-threatened tariffs from U.S. President Donald Trump have plunged the country into trade wars abroad — all while on-again, off-again new levies continue to escalate uncertainty.

Trump is no stranger to tariffs. He launched a trade war during his first term, taking particular aim at China by putting taxes on most of its goods. Beijing responded with its own retaliatory tariffs on U.S. products ranging from fruit to automotive imports. Meanwhile, Trump also used the threat of more tariffs to force Canada and Mexico to renegotiate a North American trade pact, called the U.S.-Mexico-Canada Agreement, in 2020.

When President Joe Biden took office, he preserved most of the tariffs Trump previously enacted against China, in addition to imposing some new restrictions — but his administration claimed to take a more targeted approach.

WATCH: Trump announces broad tariffs at ‘Liberation Day’ White House event

Fast-forward to today, and economists stress there could be greater consequences on businesses and economies worldwide under Trump's more sweeping tariffs this time around — and that higher prices will likely leave consumers footing the bill. There's also been a sense of whiplash from Trump's back-and-forth tariff threats and responding retaliation seen over the last few months.

Here's a timeline of how we got here:

January 20

Trump is sworn into office. In his inaugural address, he again promises to "tariff and tax foreign countries to enrich our citizens." And he reiterates plans to create an agency called the External Revenue Service, which has yet to be established.

On his first day in office, Trump also says he expects to put 25 percent tariffs on Canada and Mexico starting on Feb. 1, while declining to immediately flesh out plans for taxing Chinese imports.

January 26

Trump threatens 25 percent tariffs on all Colombia imports and other retaliatory measures after President Gustavo Petro's rejects two U.S. military aircraft carrying migrants to the country, accusing Trump of not treating immigrants with dignity during deportation.

READ MORE: How soon will prices rise? 4 questions about Trump's reciprocal tariffs, answered

In response, Petro also announces a retaliatory 25 percent increase in Colombian tariffs on U.S. goods. But Colombia later reversed its decision and accepted the flights carrying migrants. The two countries soon signaled a halt in the trade dispute.

February 1

Trump signs an executive order to impose tariffs on imports from Mexico, Canada and China — 10 percent on all imports from China and 25 percent on imports from Mexico and Canada starting Feb. 4. Trump invoked this power by declaring a national emergency — ostensibly over undocumented immigration and drug trafficking.

The action prompts swift outrage from all three countries, with promises of retaliatory measures.

February 3

Trump agrees to a 30-day pause on his tariff threats against Mexico and Canada, as both trading partners take steps to appease Trump's concerns about border security and drug trafficking.

February 4

Trump's new 10 percent tariffs on all Chinese imports to the U.S. still go into effect. China retaliates the same day by announcing a flurry of countermeasures, including sweeping new duties on a variety of American goods and an anti-monopoly investigation into Google.

WATCH: How Trump's sweeping new tariffs could shake up U.S. and global economies

China's 15 percent tariffs on coal and liquefied natural gas products, and a 10 percent levy on crude oil, agricultural machinery and large-engine cars imported from the U.S., take effect Feb. 10.

February 10

Trump announces plans to hike steel and aluminum tariffs starting March 12. He removes the exemptions from his 2018 tariffs on steel, meaning that all steel imports will be taxed at a minimum of 25 percent, and also raises his 2018 aluminum tariffs from 10 percent to 25 percent.

February 13

Trump announces a plan for "reciprocal" tariffs — promising to increase U.S. tariffs to match the tax rates that other countries charge on imports "for purposes of fairness.” Economists warn that the reciprocal tariffs, set to overturn decades of trade policy, could create chaos for global businesses.

Beyond China, Canada and Mexico, he later indicates that additional countries, such as India and European nations, won’t be spared from higher tariffs.

February 25

Trump signs an executive order instructing the Commerce Department to consider whether a tariff on imported copper is needed to protect national security. He cites the material’s use in U.S. defense, infrastructure and emerging technologies.

March 1

Trump signs an additional executive order instructing the Commerce Department to consider whether tariffs on lumber and timber are also needed to protect national security, arguing that the construction industry and military depend on a strong supply of wooden products in the U.S.

READ MORE: 5 places Trump has targeted for tariffs even though they have few or no exports

March 4

Trump’s 25 percent tariffs on imports from Canada and Mexico go into effect, though he limits the levy to 10 percent on Canadian energy. He also doubles the tariff on all Chinese imports to 20 percent.

All three countries promise retaliatory measures. Canadian Prime Minister Justin Trudeau announces tariffs on more than $100 billion of American goods over the course of 21 days. And Mexican President Claudia Sheinbaum says her country would respond with its own retaliatory tariffs on U.S. goods without specifying the targeted products immediately, signaling hopes to de-escalate.

China, meanwhile, imposes tariffs of up to 15 percent on a wide array of key U.S. farm exports, set to take effect March 10. It also expands the number of U.S. companies subject to export controls and other restrictions by about two dozen.

March 5

Trump grants a one-month exemption on his new tariffs impacting goods from Mexico and Canada for U.S. automakers. The pause arrives after the president spoke with leaders of the “Big 3” automakers — Ford, General Motors and Stellantis.

March 6

In a wider extension, Trump postpones 25 percent tariffs on many imports from Mexico and some imports from Canada for a month. But he still plans to impose "reciprocal" tariffs starting on April 2.

READ MORE: U.S. stock market tumbles the day after Trump's major tariff announcement

Trump credited Sheinbaum with making progress on border security and drug smuggling as a reason for again pausing tariffs. His actions also thaw relations with Canada somewhat, although outrage and uncertainty remains. Still, after its initial retaliatory tariffs of $30 billion Canadian (US$21 billion) on U.S. goods, the government said it had suspended its second wave of retaliatory tariffs worth $125 billion Canadian (US$87 billion).

March 10

China's retaliatory 15 percent tariffs on key American farm products — including chicken, pork, soybeans and beef — take effect. Goods already in transit are set to be exempt through April 12, per China's Commerce Ministry previous announcement.

March 12

Trump's new tariffs on all steel and aluminum imports go into effect. Both metals are now taxed at 25 percent across the board — with Trump's order to remove steel exemptions and raise aluminum’s levy from his previously-imposed 2018 import taxes.

The European Union takes retaliatory trade action promising new duties on U.S. industrial and farm products. The measures will cover goods from the United States worth some 26 billion euros ($28 billion), and not just steel and aluminum products, but also textiles, home appliances and agricultural goods. Motorcycles, bourbon, peanut butter and jeans will be hit, as they were during Trump’s first term. The 27-member bloc later says it will delay this retaliatory action until mid-April.

WATCH: Senate passes resolution to undo Trump’s Canada tariffs in rare Republican rebuke

Canada, meanwhile, announces plans to impose retaliatory tariffs worth Canadian $29.8 billion ($20.7 billion) on U.S. imports, set to go into effect March 13.

March 13

Trump threatens a 200 percent tariff on European wine, Champagne and spirits if the European Union goes forward with its previously-announced plans for a 50 percent tariff on American whiskey.

March 24

Trump says he will place a 25 percent tariff on all imports from any country that buys oil or gas from Venezuela, in addition to imposing new tariffs on the South American country itself, starting April 2.

The tariffs would most likely add to the taxes facing China, which in 2023 bought 68 percent of the oil exported by Venezuela, per the U.S. Energy Information Administration. But a number of countries also receive oil from Venezuela — including the United States itself.

March 26

Trump says he is placing 25 percent tariffs on auto imports, a move that the White House claims would foster domestic manufacturing. But it could also put a financial squeeze on automakers that depend on global supply chains.

These auto imports will start being collected April 3 — starting with taxes on fully-imported cars. The tariffs are set to then expand to applicable auto parts in the following weeks, through May 3.

April 2

Trump announces his long-promised “reciprocal” tariffs — declaring a 10 percent baseline tax on imports from all countries, as well as higher rates for dozens of nations that run trade surpluses with the U.S.

Among those steeper levies, Trump says the U.S. will now charge a 34 percent tax on imports from China, a 20 percent tax on imports from the European Union, 25 percent on South Korea, 24 percent on Japan and 32 percent on Taiwan. The new tariffs come on top of previously-imposed levies, including the 20 percent tax Trump announced on all Chinese imports earlier this year.

Meanwhile, for goods from Canada and Mexico, the White House says USMCA-compliant imports can continue to enter the U.S. duty free. Once the two countries have satisfied Trump's demands on immigration and drug trafficking, the White House adds, the tariff on the rest of their imports may drop from 25 percent to 12 percent.

April 3

Trump's previously-announced auto tariffs begin. Prime Minister Mark Carney says that Canada will match the 25 percent levies with a tariff on vehicles imported from the U.S.

April 4

China announces plans to impose a 34 percent tariff on imports of all U.S. products beginning April 10, matching Trump's new "reciprocal" tariff on Chinese goods, as part of a flurry of retaliatory measures.

The Commerce Ministry in Beijing says it will also impose more export controls on rare earths, which are materials used in high-tech products like computer chips and electric vehicle batteries. And the government adds 27 firms to lists of companies subject to trade sanctions or export controls.

April 5

Trump's 10% minimum tariff on nearly all countries and territories takes effect.

April 9

Trump's higher "reciprocal" rates go into effect, hiking taxes on imports from dozens of countries just after midnight. But hours later, his administration says it will suspend most of these higher rates for 90 days, while maintaining the recently-imposed 10% levy on nearly all global imports.

China is the exception. After following through on a threat to raise levies against China to a total of 104%, Trump says he will now raise those import taxes to 125% "effective immediately" — escalating tit-for-tat duties that have piled up between the two countries.

China upped its retaliation prior to this announcement — vowing to tax American goods at 84% starting April 10.

Canada’s counter tariffs on auto imports also take effect. The country implements a 25% levy on auto imports from the U.S. that do not comply with the 2020 USMCA pact.

Meanwhile, EU member states vote to approve their own retaliatory levies on 20.9 billion euros ($23 billion) of U.S. goods in response to Trump’s previously-imposed steel and aluminum tariffs. The EU’s executive commission doesn’t immediately specify which imports it will tax, but notes its counter tariffs will come in stages — with some set to arrive on April 15, and others May 15 and Dec. 1.

April 10

The White House clarifies that Trump’s previously-announced 125% figure for tariffs against China is actually 145%, once his previous 20% fentanyl tariffs are accounted for.

Separately, the EU puts its steel and aluminum tariff retaliation on hold for 90 days, to match Trump’s pause on steeper “reciprocal” levies. European Commission President Ursula von der Leyen says the commission wants to give negotiations with the U.S. a chance — but warns countermeasures will kick in if talks “are not satisfactory.”

Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits

Executive Orders

April 2, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)(IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.)(NEA), section 604 of the Trade Act of 1974, as amended

(19 U.S.C. 2483), and section 301 of title 3, United States Code,

I, DONALD J. TRUMP, President of the United States of America, find that underlying conditions, including a lack of reciprocity in our bilateral trade relationships, disparate tariff rates and non-tariff barriers, and U.S. trading partners' economic policies that suppress domestic wages and consumption, as indicated by large and persistent annual U.S. goods trade deficits, constitute an unusual and extraordinary threat to the national security and economy of the United States. That threat has its source in whole or substantial part outside the United States in the domestic economic policies of key trading partners and structural imbalances in the global trading system. I hereby declare a national emergency with respect to this threat.

On January 20, 2025, I signed the America First Trade Policy Presidential Memorandum directing my Administration to investigate the causes of our country's large and persistent annual trade deficits in goods, including the economic and national security implications and risks resulting from such deficits, and to undertake a review of, and identify, any unfair trade practices by other countries. On February 13, 2025, I signed a Presidential Memorandum entitled "Reciprocal Trade and Tariffs," that directed further review of our trading partners' non-reciprocal trading practices, and noted the relationship between non-reciprocal practices and the trade deficit. On April 1, 2025, I received the final results of those investigations, and I am taking action today based on those results.

Large and persistent annual U.S. goods trade deficits have led to the hollowing out of our manufacturing base; inhibited our ability to scale advanced domestic manufacturing capacity; undermined critical supply chains; and rendered our defense-industrial base dependent on foreign adversaries. Large and persistent annual U.S. goods trade deficits are caused in substantial part by a lack of reciprocity in our bilateral trade relationships. This situation is evidenced by disparate tariff rates and non-tariff barriers that make it harder for U.S. manufacturers to sell their products in foreign markets. It is also evidenced by the economic policies of key U.S. trading partners insofar as they suppress domestic wages and consumption, and thereby demand for U.S. exports, while artificially increasing the competitiveness of their goods in global markets. These conditions have given rise to the national emergency that this order is intended to abate and resolve.

For decades starting in 1934, U.S. trade policy has been organized around the principle of reciprocity. The Congress directed the President to secure reduced reciprocal tariff rates from key trading partners first through bilateral trade agreements and later under the auspices of the global trading system. Between 1934 and 1945, the executive branch negotiated and signed 32 bilateral reciprocal trade agreements designed to lower tariff rates on a reciprocal basis. After 1947 through 1994, participating countries engaged in eight rounds of negotiation, which resulted in the General Agreements on Tariffs and Trade (GATT) and seven subsequent tariff reduction rounds.

However, despite a commitment to the principle of reciprocity, the trading relationship between the United States and its trading partners has become highly unbalanced, particularly in recent years. The post-war international economic system was based upon three incorrect assumptions: first, that if the United States led the world in liberalizing tariff and non-tariff barriers the rest of the world would follow; second, that such liberalization would ultimately result in more economic convergence and increased domestic consumption among U.S. trading partners converging towards the share in the United States; and third, that as a result, the United States would not accrue large and persistent goods trade deficits.

This framework set in motion events, agreements, and commitments that did not result in reciprocity or generally increase domestic consumption in foreign economies relative to domestic consumption in the United States. Those events, in turn, created large and persistent annual U.S. goods trade deficits as a feature of the global trading system.

Put simply, while World Trade Organization (WTO) Members agreed to bind their tariff rates on a most-favored-nation (MFN) basis, and thereby provide their best tariff rates to all WTO Members, they did not agree to bind their tariff rates at similarly low levels or to apply tariff rates on a reciprocal basis. Consequently, according to the WTO, the United States has among the lowest simple average MFN tariff rates in the world at 3.3 percent, while many of our key trading partners like Brazil (11.2 percent), China (7.5 percent), the European Union (EU) (5 percent), India (17 percent), and Vietnam (9.4 percent) have simple average MFN tariff rates that are significantly higher.

Moreover, these average MFN tariff rates conceal much larger discrepancies across economies in tariff rates applied to particular products. For example, the United States imposes a 2.5 percent tariff on passenger vehicle imports (with internal combustion engines), while the European Union (10 percent), India (70 percent), and China (15 percent) impose much higher duties on the same product. For network switches and routers, the United States imposes a 0 percent tariff, but for similar products, India (10 percent) levies a higher rate. Brazil (18 percent) and Indonesia (30 percent) impose a higher tariff on ethanol than does the United States (2.5 percent). For rice in the husk, the U.S. MFN tariff is 2.7 percent (ad valorem equivalent), while India (80 percent), Malaysia (40 percent), and Turkey (an average of 31 percent) impose higher rates. Apples enter the United States duty-free, but not so in Turkey (60.3 percent) and India (50 percent).

Similarly, non-tariff barriers also deprive U.S. manufacturers of reciprocal access to markets around the world. The 2025 National Trade Estimate Report on Foreign Trade Barriers (NTE) details a great number of non-tariff barriers to U.S. exports around the world on a trading-partner by trading-partner basis. These barriers include import barriers and licensing restrictions; customs barriers and shortcomings in trade facilitation; technical barriers to trade (e.g., unnecessarily trade restrictive standards, conformity assessment procedures, or technical regulations); sanitary and phytosanitary measures that unnecessarily restrict trade without furthering safety objectives; inadequate patent, copyright, trade secret, and trademark regimes and inadequate enforcement of intellectual property rights; discriminatory licensing requirements or regulatory standards; barriers to cross-border data flows and discriminatory practices affecting trade in digital products; investment barriers; subsidies; anticompetitive practices; discrimination in favor of domestic state-owned enterprises, and failures by governments in protecting labor and environment standards; bribery; and corruption.

Moreover, non-tariff barriers include the domestic economic policies and practices of our trading partners, including currency practices and value-added taxes, and their associated market distortions, that suppress domestic consumption and boost exports to the United States. This lack of reciprocity is apparent in the fact that the share of consumption to Gross Domestic Product (GDP) in the United States is about 68 percent, but it is much lower in others like Ireland (27 percent), Singapore (31 percent), China (39 percent), South Korea (49 percent), and Germany (50 percent).

At the same time, efforts by the United States to address these imbalances have stalled. Trading partners have repeatedly blocked multilateral and plurilateral solutions, including in the context of new rounds of tariff negotiations and efforts to discipline non-tariff barriers. At the same time, with the U.S. economy disproportionately open to imports, U.S. trading partners have had few incentives to provide reciprocal treatment to U.S. exports in the context of bilateral trade negotiations.

These structural asymmetries have driven the large and persistent annual U.S. goods trade deficit. Even for countries with which the United States may enjoy an occasional bilateral trade surplus, the accumulation of tariff and non-tariff barriers on U.S.

exports may make that surplus smaller than it would have been without such barriers. Permitting these asymmetries to continue is not sustainable in today's economic and geopolitical environment because of the effect they have on U.S. domestic production. A nation's ability to produce domestically is the bedrock of its national and economic security.

Both my first Administration in 2017, and the Biden Administration in 2022, recognized that increasing domestic manufacturing is critical to U.S. national security. According to 2023 United Nations data, U.S. manufacturing output as a share of global manufacturing output was 17.4 percent, down from a peak in 2001 of 28.4 percent.

Over time, the persistent decline in U.S. manufacturing output has reduced U.S. manufacturing capacity. The need to maintain robust and resilient domestic manufacturing capacity is particularly acute in certain advanced industrial sectors like automobiles, shipbuilding, pharmaceuticals, technology products, machine tools, and basic and fabricated metals, because once competitors gain sufficient global market share in these sectors, U.S. production could be permanently weakened. It is also critical to scale manufacturing capacity in the defense-industrial sector so that we can manufacture the defense materiel and equipment necessary to protect American interests at home and abroad.

In fact, because the United States has supplied so much military equipment to other countries, U.S. stockpiles of military goods are too low to be compatible with U.S. national defense interests. Furthermore, U.S. defense companies must develop new, advanced manufacturing technologies across a range of critical sectors including bio-manufacturing, batteries, and microelectronics. If the United States wishes to maintain an effective security umbrella to defend its citizens and homeland, as well as for its allies and partners, it needs to have a large upstream manufacturing and goods-producing ecosystem to manufacture these products without undue reliance on imports for key inputs.

Increased reliance on foreign producers for goods also has compromised U.S. economic security by rendering U.S. supply chains vulnerable to geopolitical disruption and supply shocks. In recent years, the vulnerability of the U.S. economy in this respect was exposed both during the COVID-19 pandemic, when Americans had difficulty accessing essential products, as well as when the Houthi rebels later began attacking cargo ships in the Middle East.

The decline of U.S. manufacturing capacity threatens the U.S. economy in other ways, including through the loss of manufacturing jobs. From 1997 to 2024, the United States lost around 5 million manufacturing jobs and experienced one of the largest drops in manufacturing employment in history. Furthermore, many manufacturing job losses were concentrated in specific geographical areas. In these areas, the loss of manufacturing jobs contributed to the decline in rates of family formation and to the rise of other social trends, like the abuse of opioids, that have imposed profound costs on the U.S. economy.

The future of American competitiveness depends on reversing these trends. Today, manufacturing represents just 11 percent of U.S. gross domestic product, yet it accounts for 35 percent of American productivity growth and 60 percent of our exports. Importantly, U.S. manufacturing is the main engine of innovation in the United States, responsible for 55 percent of all patents and 70 percent of all research and development (R&D) spending. The fact that R&D expenditures by U.S. multinational enterprises in China grew at an average rate of 13.6 percent a year between 2003 and 2017, while their R&D expenditures in the United States grew by an average of just 5 percent per year during the same time period, is evidence of the strong link between manufacturing and innovation. Furthermore, every manufacturing job spurs 7 to 12 new jobs in other related industries, helping to build and sustain our economy.

Just as a nation that does not produce manufactured products cannot maintain the industrial base it needs for national security, neither can a nation long survive if it cannot produce its own food. Presidential Policy Directive 21 of February 12, 2013 (Critical Infrastructure Security and Resilience), designates food and agriculture as a "critical infrastructure sector" because it is one of the sectors considered "so vital to the United States that [its] incapacity or destruction . . . would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters." Furthermore, when I left office, the United States had a trade surplus in agricultural products, but today, that surplus has vanished. Eviscerated by a slew of new non-tariff barriers imposed by our trading partners, it has been replaced by a projected $49 billion annual agricultural trade deficit. For these reasons, I hereby declare and order:

Section 1. National Emergency. As President of the United States, my highest duty is ensuring the national and economic security of the country and its citizens.

I have declared a national emergency arising from conditions reflected in large and persistent annual U.S. goods trade deficits, which have grown by over 40 percent in the past 5 years alone, reaching $1.2 trillion in 2024. This trade deficit reflects asymmetries in trade relationships that have contributed to the atrophy of domestic production capacity, especially that of the U.S. manufacturing and defense-industrial base. These asymmetries also impact U.S. producers’ ability to export and, consequentially, their incentive to produce.
Specifically, such asymmetry includes not only non-reciprocal differences in tariff rates among foreign trading partners, but also extensive use of non-tariff barriers by foreign trading partners, which reduce the competitiveness of U.S. exports while artificially enhancing the competitiveness of their own goods. These non-tariff barriers include technical barriers to trade; non-scientific sanitary and phytosanitary rules; inadequate intellectual property protections; suppressed domestic consumption (e.g., wage suppression); weak labor, environmental, and other regulatory standards and protections; and corruption. These non-tariff barriers give rise to significant imbalances even when the United States and a trading partner have comparable tariff rates.

The cumulative effect of these imbalances has been the transfer of resources from domestic producers to foreign firms, reducing opportunities for domestic manufacturers to expand and, in turn, leading to lost manufacturing jobs, diminished manufacturing capacity, and an atrophied industrial base, including in the defense-industrial sector. At the same time, foreign firms are better positioned to scale production, reinvest in innovation, and compete in the global economy, to the detriment of U.S. economic and national security.

The absence of sufficient domestic manufacturing capacity in certain critical and advanced industrial sectors — another outcome of the large and persistent annual U.S. goods trade deficits — also compromises U.S. economic and national security by rendering the U.S. economy less resilient to supply chain disruption. Finally, the large, persistent annual U.S. goods trade deficits, and the concomitant loss of industrial capacity, have compromised military readiness; this vulnerability can only be redressed through swift corrective action to rebalance the flow of imports into the United States. Such impact upon military readiness and our national security posture is especially acute with the recent rise in armed conflicts abroad. I call upon the public and private sector to make the efforts necessary to strengthen the international economic position of the United States.

Sec. 2. Reciprocal Tariff Policy. It is the policy of the United States to rebalance global trade flows by imposing an additional ad valorem duty on all imports from all trading partners except as otherwise provided herein. The additional ad valorem duty on all imports from all trading partners shall start at 10 percent and shortly thereafter, the additional ad valorem duty shall increase for trading partners enumerated in Annex I to this order at the rates set forth in Annex I to this order. These additional ad valorem duties shall apply until such time as I determine that the underlying conditions described above are satisfied, resolved, or mitigated.

Sec. 3. Implementation. (a) Except as otherwise provided in this order, all articles imported into the customs territory of the United States shall be, consistent with law, subject to an additional ad valorem rate of duty of 10 percent. Such rates of duty shall apply with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on April 5, 2025, except that goods loaded onto a vessel at the port of loading and in transit on the final mode of transit before 12:01 a.m. eastern daylight time on April 5, 2025, and entered for consumption or withdrawn from warehouse for consumption after 12:01 a.m. eastern daylight time on April 5, 2025, shall not be subject to such additional duty.

Furthermore, except as otherwise provided in this order, at 12:01 a.m. eastern daylight time on April 9, 2025, all articles from trading partners enumerated in Annex I to this order imported into the customs territory of the United States shall be, consistent with law, subject to the country-specific ad valorem rates of duty specified in Annex I to this order. Such rates of duty shall apply with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on April 9, 2025, except that goods loaded onto a vessel at the port of loading and in transit on the final mode of transit before 12:01 a.m. eastern daylight time on April 9, 2025, and entered for consumption or withdrawn from warehouse for consumption after 12:01 a.m. eastern daylight time on April 9, 2025, shall not be subject to these country-specific ad valorem rates of duty set forth in Annex I to this order. These country-specific ad valorem rates of duty shall apply to all articles imported pursuant to the terms of all existing U.S. trade agreements, except as provided below.

(b) The following goods as set forth in Annex II to this order, consistent with law, shall not be subject to the ad valorem rates of duty under this order: (i) all articles that are encompassed by 50 U.S.C. 1702(b); (ii) all articles and derivatives of steel and aluminum subject to the duties imposed pursuant to section 232 of the Trade Expansion Act of 1962 and proclaimed in Proclamation 9704 of March 8, 2018 (Adjusting Imports of Aluminum Into the United States), as amended, Proclamation 9705 of March 8, 2018 (Adjusting Imports of Steel Into the United States), as amended, and Proclamation 9980 of January 24, 2020 (Adjusting Imports of Derivative Aluminum Articles and Derivative Steel Articles Into the United States), as amended, Proclamation 10895 of February 10, 2025 (Adjusting Imports of Aluminum Into the United States), and Proclamation 10896 of February 10, 2025 (Adjusting Imports of Steel into the United States); (iii) all automobiles and automotive parts subject to the additional duties imposed pursuant to section 232 of the Trade Expansion Act of 1962, as amended, and proclaimed in Proclamation 10908 of March 26, 2025 (Adjusting Imports of Automobiles and Automobile Parts Into the United States); (iv) other products enumerated in Annex II to this order, including copper, pharmaceuticals, semiconductors, lumber articles, certain critical minerals, and energy and energy products; (v) all articles from a trading partner subject to the rates set forth in Column 2 of the

Harmonized Tariff Schedule of the United States (HTSUS); and (vi) all articles that may become subject to duties pursuant to future actions under section 232 of the Trade Expansion Act of 1962.

(c) The rates of duty established by this order are in addition to any other duties, fees, taxes, exactions, or charges applicable to such imported articles, except as provided in subsections (d) and (e) of this section below.

(d) With respect to articles from Canada, I have imposed additional duties on certain goods to address a national emergency resulting from the flow of illicit drugs across our northern border pursuant to Executive Order 14193 of February 1, 2025 (Imposing Duties To Address the Flow of Illicit Drugs Across Our Northern Border), as amended by Executive Order 14197 of February 3, 2025 (Progress on the Situation at Our Northern Border), and Executive Order 14231 of March 2, 2025 (Amendment to Duties To Address the Flow of Illicit Drugs Across Our Northern Border). With respect to articles from Mexico, I have imposed additional duties on certain goods to address a national emergency resulting from the flow of illicit drugs and illegal migration across our southern border pursuant to Executive Order 14194 of February 1, 2025 (Imposing Duties To Address the Situation at Our Southern Border), as amended by Executive Order 14198 of February 3, 2025 (Progress on the Situation at Our Southern Border), and Executive Order 14227 of March 2, 2025 (Amendment to Duties To Address the Situation at Our Southern Border). As a result of these border emergency tariff actions, all goods of Canada or Mexico under the terms of general note 11 to the HTSUS, including any treatment set forth in subchapter XXIII of chapter 98 and subchapter XXII of chapter 99 of the HTSUS, as related to the Agreement between the United States of America, United Mexican States, and Canada (USMCA), continue to be eligible to enter the U.S. market under these preferential terms. However, all goods of Canada or Mexico that do not qualify as originating under USMCA are presently subject to additional ad valorem duties of 25 percent, with energy or energy resources and potash imported from Canada and not qualifying as originating under USMCA presently subject to the lower additional ad valorem duty of 10 percent.

(e) Any ad valorem rate of duty on articles imported from Canada or Mexico under the terms of this order shall not apply in addition to the ad valorem rate of duty specified by the existing orders described in subsection (d) of this section. If such orders identified in subsection (d) of this section are terminated or suspended, all items of Canada and Mexico that qualify as originating under USMCA shall not be subject to an additional ad valorem rate of duty, while articles not qualifying as originating under USMCA shall be subject to an ad valorem rate of duty of 12 percent. However, these ad valorem rates of duty on articles imported from Canada and Mexico shall not apply to energy or energy resources, to potash, or to an article eligible for duty-free treatment under USMCA that is a part or component of an article substantially finished in the United States.

(f) More generally, the ad valorem rates of duty set forth in this order shall apply only to the non-U.S. content of a subject article, provided at least 20 percent of the value of the subject article is

U.S. originating. For the purposes of this subsection, "U.S. content" refers to the value of an article attributable to the components produced entirely, or substantially transformed in, the United States. U.S. Customs and Border Protection (CBP), to the extent permitted by law, is authorized to require the collection of such information and documentation regarding an imported article, including with the entry filing, as is necessary to enable CBP to ascertain and verify the value of the U.S. content of the article, as well as to ascertain and verify whether an article is substantially finished in the United States.

(g) Subject articles, except those eligible for admission under "domestic status" as defined in 19 CFR 146.43, which are subject to the duty specified in section 2 of this order and are admitted into a foreign trade zone on or after 12:01 a.m. eastern daylight time on April 9, 2025, must be admitted as "privileged foreign status" as defined in 19 CFR 146.41.

(h) Duty-free de minimis treatment under 19 U.S.C. 1321(a)(2)(A)-(B) shall remain available for the articles described in subsection (a) of this section. Duty-free de minimis treatment under 19 U.S.C. 1321(a)(2)(C) shall remain available for the articles described in subsection (a) of this section until notification by the Secretary of Commerce to the President that adequate systems are in place to fully and expeditiously process and collect duty revenue applicable pursuant to this subsection for articles otherwise eligible for de minimis treatment. After such notification, duty-free de minimis treatment under 19 U.S.C. 1321(a)(2)(C) shall not be available for the articles described in subsection (a) of this section.

(i) The Executive Order of April 2, 2025 (Further Amendment to Duties Addressing the Synthetic Opioid Supply Chain in the People's Republic of China as Applied to Low-Value Imports), regarding low-value imports from China is not affected by this order, and all duties and fees with respect to covered articles shall be collected as required and detailed therein.

(j) To reduce the risk of transshipment and evasion, all ad valorem rates of duty imposed by this order or any successor orders with respect to articles of China shall apply equally to articles of both the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

(k) In order to establish the duty rates described in this order, the HTSUS is modified as set forth in the Annexes to this order. These modifications shall enter into effect on the dates set forth in the Annexes to this order.

(l) Unless specifically noted herein, any prior Presidential Proclamation, Executive Order, or other Presidential directive or guidance related to trade with foreign trading partners that is inconsistent with the direction in this order is hereby terminated, suspended, or modified to the extent necessary to give full effect to this order.

Sec. 4. Modification Authority. (a) The Secretary of Commerce and the United States Trade Representative, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Homeland Security, the Assistant to the President for Economic Policy, the Senior Counselor for Trade and

Manufacturing, and the Assistant to the President for National Security Affairs, shall recommend to me additional action, if necessary, if this action is not effective in resolving the emergency conditions described above, including the increase in the overall trade deficit or the recent expansion of non-reciprocal trade arrangements by U.S. trading partners in a manner that threatens the economic and national security interests of the United States.

(b) Should any trading partner retaliate against the United States in response to this action through import duties on U.S. exports or other measures, I may further modify the HTSUS to increase or expand in scope the duties imposed under this order to ensure the efficacy of this action.

(c) Should any trading partner take significant steps to remedy non-reciprocal trade arrangements and align sufficiently with the United States on economic and national security matters, I may further modify the HTSUS to decrease or limit in scope the duties imposed under this order.

(d) Should U.S. manufacturing capacity and output continue to worsen, I may further modify the HTSUS to increase duties under this order.

Sec. 5. Implementation Authority. The Secretary of Commerce and the United States Trade Representative, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Homeland Security, the Assistant to the President for Economic Policy, the Senior Counselor for Trade and Manufacturing, the Assistant to the President for National Security

Affairs, and the Chair of the International Trade Commission are hereby authorized to employ all powers granted to the President by IEEPA as may be necessary to implement this order. Each executive department and agency shall take all appropriate measures within its authority to implement this order.

Sec. 6. Reporting Requirements. The United States Trade Representative, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Homeland Security, the Assistant to the President for Economic Policy, the Senior Counselor for Trade and Manufacturing, and the Assistant to the President for National Security Affairs, is hereby authorized to submit recurring and final reports to the Congress on the national emergency declared in this order, consistent with section 401(c) of the NEA (50 U.S.C. 1641(c)) and section 204(c) of IEEPA (50 U.S.C. 1703(c)).

Sec. 7. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department, agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.