

January 30, 2025

Tariffs: Mexico and Canada Still on the Block

We continue to believe that President Trump will likely stick by his February 1 deadline for *announcing* 25% tariffs on Mexico and Canada for problems he sees at the border and fentanyl coming into the U.S. However, we don't see tariffs immediately going into effect.

Instead, we believe it would take the Trump administration at least a couple of weeks before actually imposing the tariffs. During that time, we would expect the countries to engage in discussions and an agreement to be reached on the outstanding issues. We continue to doubt the additional tariffs will ever go into effect, though we'd be surprised a subsequent agreement would be reached as quickly as was with Columbia over the weekend.

However, we don't see the threatened 10% tariffs on Chinese products due to fentanyl imports going into effect because:

- Earlier this week, White House spokeswoman Karoline Leavitt mentioned the tariffs against Mexico and Canada were scheduled for February 1 but didn't mention China.
- It appears that as Trump has backed off threats against China, the odds that the president wants to engage in larger bilateral negotiations with the Chinese has taken precedent.

Finally, as we have noted, we believe that the Trump administration is going to use tariffs more often this term than in his first term for non-trade issues. So far, Trump called for tariffs against Mexico, Canada, China, Columbia and the BRIC countries all for non-trade issue—and we're only in week two of his administration.

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