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# Trump Orders Tariffs on Trade Partners

## Canada, Mexico, Look to Target Red States With Retaliatory Tariffs

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By Chris Clayton, DTN Ag Policy Editor

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U.S. agricultural trade between the U.S., Canada and Mexico accounts for nearly \$137 billion in trade. The U.S. also exported more than \$22 billion to China through November 2024. (Map courtesy of the U.S. International Trade Administration)

This article was originally posted at 6:12 p.m. CST on Saturday, Feb. 1. It was last updated with new information at 10:41 a.m. CST on Sunday, Feb. 2.

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OMAHA (DTN) -- Canadian and Mexican officials suggested they will work together when it comes to retaliatory tariffs after President Donald Trump imposed universal tariffs on both countries and China -- the three biggest markets for U.S. agricultural commodities.

Trump signed three executive orders Saturday imposing 25% tariffs on Canada and Mexico and 10% tariffs on China. Petroleum imports from Canada will face a 10% tariff. The tariffs will go into effect on Tuesday. Trump stated the increase in "illegal aliens and drugs, including deadly fentanyl, constitutes a national emergency under the International Emergency Economic Powers Act (IEEPA)."

For Canada and Mexico, the moves essentially scrap the U.S.-Mexico-Canada Agreement (USMCA) that Trump signed in his first term. That agreement lowered tariffs on products, including zero tariffs on most agricultural products flowing between the three countries.

Through November, U.S. agricultural sales to the three countries accounted for \$75.9 billion for 2024.

### REACTION WAS SWIFT

By Saturday evening, Canadian Prime Minister Justin Trudeau announced 25% retaliatory tariffs on more than \$106 billion (150 billion Canadian dollars) in U.S. products. Initially, Canada will start with \$20.6 billion (CA\$30 billion) on Tuesday and bump it up to full tariffs by the end of the month.

"We'll always do what's necessary to defend Canada and Canadians," Trudeau said in a televised address. "We didn't ask for this, but we will not back down."

Trudeau and Mexican President Claudia Scheinbaum had spoken about collaborating on their responses. The Wall Street Journal reported Mexico is considering "carousel retaliation" that would shift to different products, but have political impact, including "hitting sectors such as agriculture that are likely to lobby Congress."

Canada and Mexico also focused their tariffs on U.S. products coming from Republican states.

Mexico Economy Minister Marcelo Ebrard on social platform X posted statements from business associations in Texas and Arizona criticizing the tariffs. Pointing to the businesses with operations in both countries, Ebrard said the tariffs are "shooting oneself in the foot."

Doug Ford, the premier of Ontario, announced Sunday that the Liquor Control Board of Ontario (LCBO) will pull all American products from its shelves starting Tuesday. Ford said on X the LCBO sells nearly \$1 billion in American alcohol products. "Not anymore."

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The New York Times reported the Chinese Ministry of Commerce also said it would bring a legal case to the World Trade Organization (WTO) as well as "take corresponding countermeasures" -- though no specific retaliatory tariffs were immediately announced. A WTO case could be futile, given the time it takes, and the lack of appellate judges that have neutered the organization's value in settling trade disputes.

### TRUMP COMMENTS

On social media Sunday morning, Trump said, "Canada, Mexico and China, and too many others to name, continue the decades long RIPOFF OF AMERICA, both in regards to TRADE, CRIME AND POISONOUS DRUGS that are allowed to so freely flow into AMERICA."

Trump added, "MAKE YOUR PRODUCT IN THE USA AND THERE ARE NO TARIFFS!" He stated, "THIS WILL BE THE GOLDEN AGE OF AMERICA. WILL THERE BE SOME PAIN? YES, MAYBE (AND MAYBE NOT!)"

In a separate post, Trump said the U.S. spends billions of dollars to subsidize Canada. "There is no reason. We don't need anything they have. We have unlimited Energy, should make our own Cars, and we have more Lumber than we can ever use. Without this massive subsidy, Canada ceases to exist as a viable Country. Harsh, but true! Therefore, Canada should become our Cherished 51st State. Much lower taxes, and far better military production for the people of Canada -- AND NO TARIFFS!"

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Trump's executive order includes details that U.S. tariffs would increase if any of the countries imposed retaliatory tariffs.

A fact sheet from the White House stated the new tariffs will build on Trump's trade successes in his first term. "President Trump continues to demonstrate his commitment to ensuring U.S. trade policy serves the national interest."

In 2018-19, Trump's trade disputes with China led to \$23 billion in aid payments to farmers under the Market Facilitation Program. After reaching a deal with Trump to buy \$40 billion a year in agricultural commodities, U.S. agricultural exports to China reached as high as \$38 billion in 2022, which was a record year for agricultural exports overall. China has dialed back its purchases of U.S. goods since then.

House Committee on Agriculture Chairman Glenn "GT" Thompson, R-Pa., said the tariffs are a "crucial tool" that Trump will use to reduce the agricultural trade deficit. Thompson blamed the Biden administration for not being more aggressive in expanding agricultural trade.

"President Trump's tariff policy has been an effective tool in leveling the global playing field and ensuring fair trade for American producers," Thompson said. "Look no further than Colombia's about face on accepting repatriated criminal migrants at the mere threat of tariffs."

Thompson added, "After four years of the Biden-Harris Administration's failure to expand foreign markets, which led to an inflated agricultural trade deficit of \$45.5 billion, America's producers deserve an Administration that will fight for them. I look forward to working alongside of President Trump to support our hardworking producers and to make agriculture great again."

Rep. Angie Craig, D-Minn., ranking member of the House Agriculture Committee, criticized the tariffs for potentially driving up costs for a range of imported products.

"No one wins in a trade war. The last time President Trump started a trade war, costs went up for America's family farmers and consumers," Craig said. "The same will happen today. The cost of imported goods like oil, lumber, avocados, tomatoes, bell peppers, lettuce, broccoli, cucumbers, onions and mushrooms and other fresh food are likely to go up for Americans. At a time when farmers are struggling with high input costs and the American people continue to struggle with the cost of groceries, these tariffs will make it more expensive for farmers to grow food and for consumers to buy it. Additionally, when American farmers face the inevitable retaliatory tariffs from our trading partners, their profits take a hit. This action is especially questionable since President Trump's previous administration negotiated our last trade agreement -- USMCA -- with Canada and Mexico."

Michigan Department of Agriculture and Rural Development (MDARD) Director Tim Boring said he had "extensive conversations with farmers and other stakeholders" who raised concerns about tariffs.

"While there are still a lot of unknowns, it's important to remember two things: Canada and Mexico are our biggest export destinations, and the last time this happened, retaliatory tariffs specifically targeted agriculture," Boring said.

Mark McHague, president of the Nebraska Farm Bureau, noted his state's reliance on exports, which accounts for roughly one-third of farmers' income. Nebraska's exports to the top five agricultural products accounted for over \$3.5 billion in 2024. Those sales helped support the largest segment of Nebraska's economy, which hit a rough patch in 2024, falling 17% as compared to 2023, he noted.

"Today's announced tariffs on Canada, Mexico and China, some of Nebraska agriculture's most important trading partners, only adds to the economic uncertainty which remains the top concern at dinner tables on farms and ranches across our state and nation," McHague said.

McHague also pointed out that U.S. farmers rely on Canada for 80% of the potash fertilizer used, as well as imported crop-protection tools and energy.

"While Nebraska agriculture is highly dependent on our export and import relationships with Canada, Mexico and China, those relationships are not without challenges," McHague said. "From Canada's protection-focused dairy industry, Mexico's illegal ban on genetically modified corn, to the many trade and geopolitical issues we have with China, much work needs to be done. During his first term, President Trump vowed to ensure America's farmers and ranchers didn't bear the brunt of trade disputes and the retaliatory tariffs that followed. Nebraska's farm and ranch families always seek to secure their financial future through free and open markets."

McHague added, "However, we now call on President Trump to again make good on his previous promises and ultimately seek new and expanded agriculturally focused trade agreements around the world, something former President Biden failed to do over the past four years."

Bob Hemesath, an Iowa farmer and chairman of the group Farmers for Free Trade, noted Canada, Mexico and China together buy half of all American ag exports. Agricultural exports had grown by nearly 300% in recent decades to Canada and Mexico under free-trade agreements. Placing tariffs on the three largest export markets for American farmers and ranchers, particularly for an extended period, would have severe consequences, Hemesath said.

"American farmers are already struggling. Record-high input costs, declining crop prices, and global supply gluts have created an environment where many farmers are operating at a loss. Adding tariffs to the mix would only exacerbate the situation across much of rural America," he said.

Hemesath said he expects farmers would face retaliation and lead to a disadvantage for exports compared to competitors such as Brazil and Argentina.

"Farmers for Free Trade strongly urges the administration to reconsider these proposed tariffs," he said.

The Coalition for a Prosperous America (CPA) stated the group "strongly supports" the tariffs as a "long-overdue step to rebalance trade, strengthen U.S. manufacturing, and restore American economic independence."

"For decades, so-called 'free trade' policies have hollowed out America's industrial base, destroyed domestic supply chains, and left American workers at the mercy of foreign governments and multinational corporations," said Zach Mottl, chairman of CPA. "President Trump's decision to impose universal tariffs is a bold and necessary step toward reversing decades of failed trade policies and rebuilding America's manufacturing and agricultural industries."

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