Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

By: TA | AP Brief

US and Canada have reached deal to delay US tariffs on Canadian imports

President Donald Trump said Tuesday he was delaying the 50% U.S. tariffs on $20 billion worth of Canadian imports after the two countries reached a last-minute deal less than two hours before the sanctions were to go into effect.

The announcement, which Trump made on his social media platform, buys time for more negotiations and avoids, for now, another strain in already tense relations between the historic allies.

“I have paused the 50% Tariffs against Canada, that were scheduled to kick in tomorrow morning for a three day period, based on the fact that Canada and the U.S.A., subject to the finalization of documents, have a DEAL!” Trump posted on Truth Social.

If they had gone into effect as scheduled at 12:01 a.m. Wednesday, Trump’s import taxes would have hit Canadian products ranging from hockey sticks to tongue depressors.

But the political impact would likely have been bigger than the economic one. Canada had threatened to retaliate against any new tariffs with levies of its own, aggravating a trade fight between countries that sold each other $880 billion worth of goods and services last year.

A White House proclamation said Canada had expressed a commitment to remove measures the Trump administration considers discriminatory against U.S. alcohol, dairy and motor vehicle exports. Canada did not immediately confirm those commitments.

Canadian Prime Minister Mark Carney said in a statement “substantial progress” had been made but that important work remained, confirming Canada had agreed to the three-day delay while negotiations continued.

Carney and Trump had spoken twice by phone in the past two days about the ongoing negotiations, including a call Tuesday afternoon, Carney’s office said, underscoring the last-minute push for a deal.

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Both countries had reason to step back from the brink. Nearly 72% of Canada’s goods exports last year went to the United States.

And the Trump administration would be taking a risk by imposing a hefty new tariff — paid by U.S. importers who try to pass along the cost to consumers via higher prices — ahead of November’s midterm elections. U.S. voters are already frustrated with the high cost of living.

> This limbo state is not anyone’s preferred outcome - Candace Laing

“I don’t think either side really wants these tariffs to come into effect,” Ryan Majerus, a partner at King & Spalding and a former U.S. trade official, said before the delay was announced. “There’s a pretty strong push on both sides to find an off-ramp here.”

Canadian Chamber of Commerce President and CEO Candace Laing said in a statement that the three-day tariff delay offered businesses some relief but fell short of the certainty a signed interim agreement would provide.

“This limbo state is not anyone’s preferred outcome,” she said, urging negotiators to reach a deal quickly.

Trump’s approach to dealing with Canada marks an extraordinary departure from the traditionally cooperative relationship between the two countries.

Trump has hit Canadian goods with tariffs — in a push to bring manufacturing back to the U.S. — and has repeatedly made inflammatory comments about turning Canada into America’s 51st state.