Trump Plans Another 10% Tariff on Products From China

The U.S. president cites the country's role in the fentanyl trade

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WASHINGTON—The U.S. plans next week to impose an additional 10% tariff on imports from China over its role in <u>the fentanyl trade</u> and move forward with 25% tariffs on products from Canada and Mexico, President <u>Trump</u> said Thursday, setting up a pivotal week for his protectionist trade agenda.

The China move, slated to take effect Tuesday along with the Canada and Mexico actions, doubles up on the <u>previous 10% additional tariff</u> Trump placed on Chinese products this month.

In a post Thursday on his Truth Social social-media platform, Trump reinforced his threat to impose 25% tariffs on products from Canada and Mexico. Later, in the Oval Office, he said America's neighbors hadn't done enough to curb drug smuggling to win another delay for those duties. The administration had postponed the Canada and Mexico tariffs for 30 days at the beginning of February to allow for negotiations.

"The drugs continue to pour into our country, killing hundreds of thousands of people," Trump said, after being asked about whether he had seen progress. "The families are destroyed after that happens."

The announcement came a day after Trump appeared to hint that the Canada and Mexico tariffs could be delayed again, telling reporters that they were scheduled for April 2. The administration backed off those comments at the time, and on Thursday a White House official said that "as of now, the decision has been made" to impose the tariffs, though talks are ongoing.

Trump's initial tariff threats set off a flurry of negotiations over <u>how to avoid the duties</u>, with Mexico committing troops to the U.S. border to curb migration and Canada setting up a fentanyl task force.

Mexican President Claudia Sheinbaum said at a news conference Thursday, referring to Trump's comments: "As you know, he has his way of communicating, but as usual, we have a cool head and optimism that we can reach an agreement."

Mexican authorities <u>extradited to the U.S. drug boss Rafael Caro Quintero</u>, who is wanted for the 1985 killing of a Drug Enforcement Administration agent, The Wall Street Journal reported Thursday.

Canadian Prime Minister <u>Justin Trudeau</u> on Thursday noted that less than 1% of the fentanyl smuggled into the U.S. comes from Canada. "Canada is not the source of problems for the United States," he said during a news conference in Montréal. "If on Tuesday there are unjustified tariffs brought in on Canada, we will have an immediate and strong response."

China <u>responded to the first round</u> of U.S. tariffs with retaliatory duties of its own and is likely to do so again when new U.S. duties are imposed. While the National Security Council is in contact with major foreign partners such as China, intensive negotiations haven't been conducted on how to avoid the tariffs, an administration official said, and reductions in tariffs would hinge on Trump seeing fewer fentanyl overdose deaths in the U.S.

"It's 10 plus 10," Trump said in the Oval Office about his China tariffs.

Mexican cartels making bootleg fentanyl, often with China-sourced precursor chemicals, are the major source of the opioid that has caused a U.S. public-health crisis. Evidence suggests that the deadly drug also is increasingly manufactured and exported from Canada, though numbers remain small compared with Mexico.

The most recent federal data show fatal overdoses killing roughly 240 people every day.

At the same time, the numbers are declining quickly. Preliminary data show about 86,900 fatal overdoses in the 12 months ended in September, down 24% from the prior 12-month period. The driver of the decline is a roughly 31% decline in deaths linked to synthetic opioids, the drug class that largely includes fentanyl.

U.S. overdose deaths have mostly gone in one direction—up—for decades, and a decline of this size is unprecedented.

Beijing so far hasn't made an offer to the Trump administration that shows a stepped-up commitment to reducing China's exports of chemicals used to make fentanyl, according to people close to Beijing's decision-making. The people said the lack of an offer from China on fentanyl was a reason that no direct conversation had yet taken place between Trump and Chinese leader Xi Jinping.

Liu Pengyu, the spokesman at the Chinese Embassy in Washington, defended China's record in fighting drug-trafficking. "China calls on the U.S. to correct its wrongdoings, maintain the hard-won positive dynamics in the counternarcotics

cooperation, and promote the steady, sound and sustainable development of China-U. S. relationship," Liu said.

Unlike Canadian and Mexican leaders, Xi has shown little interest in focusing solely on a deal about fentanyl, the people said. Rather, he aims to negotiate a broader agreement with Trump that could define the tone of bilateral relations.

In a bid to prepare for trade talks with the Trump administration, the Journal <u>reported early this month</u>, Beijing has been trying to put together an initial proposal that involves reinstating a trade agreement signed with the first Trump administration in early 2020, a renewed pledge not to devalue the yuan to help its exporters, and an offer to make more investments in the U.S. But Xi has yet to make that offer, the people said.

For now, Beijing thinks it can handle the 10% additional tariffs. The levies have raised the average duty rate on Chinese imports to 24.5% from about 14.5% as of 2023, according to Gavekal Dragonomics, an economics-consulting firm. Chinese companies already have proven adept at avoiding U.S. tariffs by rerouting their products through other countries.