

# Trump halts tariffs on Canada and Mexico as both offer new border security plans

*President Trump granted Mexico and Canada a 30-day reprieve on U.S. tariffs after both nations agreed to intensify efforts to block illicit drugs and migrants.*

**By David J. Lynch and Mary Beth Sheridan**  
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President [Donald Trump](#) agreed Monday to grant Mexico and Canada a 30-day reprieve on the U.S. tariffs that were scheduled to take effect Tuesday, after both countries pledged to intensify their efforts to prevent illicit drugs and migrants from crossing into the United States.

The president's decision, which followed separate telephone conversations with the Mexican and Canadian leaders, averted — at least for now — an economic shock that was expected to push both U.S. neighbors into recession while slowing growth and raising inflation in the United States.

Mexican President Claudia Sheinbaum was the first to secure a tariffs extension, when she promised to rush 10,000 national guard troops to the border to block the flow of fentanyl and other drugs into the United States. Canadian Prime Minister Justin Trudeau needed two calls with Trump before securing a delay in return for implementing a border security package, including the appointment of a fentanyl czar and several previously announced initiatives.

“I am very pleased with this initial outcome, and the Tariffs announced on Saturday will be paused for a 30 day period to see whether or not a final Economic deal with Canada can be structured. FAIRNESS FOR ALL!” the president wrote on his social media site, Truth Social.

The presidential pause for Canada came hours after U.S. Customs and Border Protection issued its [official guidance](#) for importers on the new 25 percent import taxes, which were scheduled to take effect on Canadian products at 12:01 a.m. Eastern time Tuesday.

Tariffs on China went [into effect as planned](#) on Tuesday, imposing an additional 10 percent levy on all Chinese goods. On Monday, Trump told reporters that he “would be speaking to China, probably in the next 24 hours.”

The flurry of diplomatic activity cooled financial market unease but left unresolved key questions about Trump’s ultimate aims in reshaping relations with U.S. neighbors and global commerce.

“It causes massive havoc for our industry. There is no bigger killer for industry than uncertainty,” said Kip Eideberg, senior vice president for government relations with the Association of Equipment Manufacturers. “As a negotiating tactic, this is not advisable at all. Damage will be done every time there’s another tariff temper tantrum.”

The Dow Jones Industrial Average sank 630 points, or 1.4 percent, in early trading before rebounding to end the day down 122 points.

The administration hailed Mexico’s border reinforcement as vindication of the president’s aggressive stance.

“For three days a lot of the far left has actively rooted against America and argued we’d get nothing out of President Trump’s demand that Mexico secure its country,” Vice President [JD Vance](#) posted on X. “Well, how do you like them apples.”

But the past week’s trade policy showdown triggered outrage in Mexico and Canada. Spectators at National Hockey League and NBA games in Canada over the weekend booed the U.S. national anthem. The on-again, off-again

trade war left companies throughout the United States puzzling over how much of Trump's tariff talk was negotiating bravado and how much was real.

Increased tariffs on China are just "the opening salvo," and additional import taxes will be levied on European goods "pretty soon," the president told reporters Monday, repeating a threat he made shortly after being inaugurated.

On Wall Street, analysts in recent days scrambled to reassess economic forecasts that generally assumed Trump would use tariff threats as a club to coerce other countries into offering policy concessions but would stop short of disrupting trade ties.

Saturday's blitz of executive orders announcing tariffs on imports from China, Mexico and Canada rattled that confidence. The United States' top three trading partners were complicit, the president said, in a flood of illicit drugs and migrants that represented a "national emergency."

Economists at JPMorgan Private Bank initially thought tariffs on Canada and Mexico were unlikely. Trump's tendency to talk tough and then bargain, as he did with Colombia over its acceptance of migrant deportation flights, and with Mexico and Canada on Monday, supports that view, according to Joseph Seydl, senior markets economist at JPMorgan Private Bank.

But that assessment now looks less solid. If actually implemented, the tariffs on Mexico, Canada and China would trim up to 1 percentage point from the U.S. economy's growth rate, nearly cutting it in half, Seydl said.

"The odds of a wider trade war than we had anticipated are actually going up," he said.

Across North America on Monday, businesses scrambled to prepare for whatever emerged from the last-minute White House talks with the Mexican and Canadian leaders.

Among those that would be hardest-hit are manufacturers of passenger cars and heavy-duty equipment. Regional supply chains cross U.S. national borders as easily as the lines on the map that separate Ohio and Indiana.

Eideberg's association represents major equipment-makers such as Caterpillar and John Deere, whose products traverse the borders with Mexico and Canada an average of 14 times before being completed. If those tractors, loaders and excavators were assessed a 25 percent tax on each journey, they would quickly become unaffordable, Eideberg said.

Trump's first-term tariffs on imported steel and Chinese goods raised equipment makers' costs by 8 to 10 percent, costing thousands of jobs. Amid the threat of new tariffs, Eideberg's members are pausing investment and hiring plans.

"This seems like a great self-inflicted wound," he said.

Home builders, already under pressure from high mortgage rates, had asked the administration to exempt building materials from its tariff plans. But the request was denied, said Jim Tobin, president of the National Association of Home Builders. The housing industry relies heavily on lumber from Canada, gypsum from Mexico and electronics from China. Trump's plan to tax those imports is at odds with his promise to lower housing costs, the group said.

Builders have generally [cheered](#) Trump's return, hoping for streamlined regulations that will make projects more efficient. But thin margins mean more companies will probably start writing contracts that allow them to adjust prices as material costs keep climbing, Tobin said.

"There isn't a room that won't be affected by these tariffs," he said. "It's a whole-house tariff."

Monday began with Sheinbaum posting on X that after a "good conversation" with Trump, Mexico would deploy 10,000 national guard troops to its border to block the flow of drugs into the United States.

The United States pledged to work to stop the illegal trafficking of weapons to Mexico, she said. Trump's account of the agreement on Truth Social made no mention of that commitment but said the deployment of Mexican troops "will be specifically designated to stop the flow of fentanyl, and illegal migrants into our Country."

Sheinbaum told reporters that she had reached out to Trump on Friday, but they were only able to speak Monday morning. During the roughly 45-minute call, she proposed suspending the tariffs while the two sides worked out an agreement on security and trade, the Mexican leader told a news conference. Trump asked how long she wanted to hold off on the tariffs.

"I said, 'Let's pause them forever,'" she told reporters, laughing. When he repeated the question, she agreed to a month-long delay. "I'm sure, in a month, we can provide results," she said.

In announcing the tariffs, Trump had emphasized his concern about the smuggling of fentanyl over the border. The highly addictive opioid has killed tens of thousands of Americans in recent years. U.S. authorities say Mexican cartels manufacture the drug, using chemicals imported from China and other countries.

Mexico already has thousands of troops stationed near the U.S. border, as part of a broad effort to contain irregular migration to the United States. It's unclear how much the additional Mexican troops can do to halt the trafficking of fentanyl, which is difficult to detect. Unlike heroin, cocaine or marijuana, it is highly compact. It is generally produced in small, informal laboratories, some of them in apartment buildings.

Trudeau's announcement Monday repeated a \$900 million border plan the government unveiled in December, which featured the deployment of new helicopters, surveillance systems and personnel. In new commitments, the prime minister agreed to designate international drug cartels as terrorists and signed an intelligence directive, without providing details.

Trump's tariff threats united Canadians in an unusual anti-U.S. sentiment. Trudeau said Saturday that Canada would impose retaliatory levies on \$106 billion worth of U.S. products. Several provincial leaders yanked U.S. alcohol from store shelves and said they would limit procurement opportunities for American companies.

Ontario Premier Doug Ford said Monday that he would pause the province's retaliatory measures but added that the threat of tariffs had not gone away.

"Whether it's tomorrow, in a month or a year from now when we're renegotiating the United States-Mexico-Canada Agreement, President Trump will continue to use the threat of tariffs to get what he wants," he said in a post on X.

*Amanda Coletta in Toronto and Valentina Muñoz Castillo in Mexico City contributed to this report.*