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Trump Imposes 35% Tariffs on Canada Over Fentanyl Trafficking

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President Donald Trump has ordered a 35 percent tariff on a wide range of Canadian imports, citing Ottawa's failure to curb the flow of fentanyl into the United States. The tariffs took effect on August 1 and represent a sharp escalation from the previous 25 percent duties imposed earlier this year under emergency trade powers.

The new measure applies to Canadian goods not protected under the U.S.-Mexico-Canada Agreement (USMCA). While approximately 85 percent of Canadian exports to the U.S. remain exempt, sectors such as steel, aluminum, and pharmaceuticals are now exposed to the full tariff rate. Unlike other countries that received a reprieve, Canada was given no delay.

Prime Minister Mark Carney reportedly attempted to initiate dialogue with President Trump ahead of the deadline, but no direct talks occurred. Trump warned that any Canadian retaliation would be met with further tariff increases. He framed the action as a response to national security concerns related to drug trafficking and immigration, rather than a standard trade dispute.

Canada responded by reaffirming its commitment to a dollar-for-dollar tariff strategy. Earlier this year, it imposed retaliatory duties on roughly CA\$30 billion worth of American goods and is preparing a second phase that could target an additional CA\$125 billion. Public consultations are ongoing, with the Canadian government aiming to mirror U.S. tariffs across agriculture, manufacturing, and consumer products.

Beyond trade and health, tourism and cross-border commerce have also been affected. Canadian travel to U.S. border states, especially New York, has dropped significantly, down 26 percent in June compared to the previous year. Economists estimate this decline has cost regional economies over \$3 billion.

In Canada, the political and consumer response has been defiant. Calls to boycott American-made goods and avoid travel to the U.S. have gained traction, fueling a broader shift toward economic self-reliance.

As tensions grow and legal battles loom, the fallout from the tariff standoff threatens to deepen the rift between two of North America's closest economic partners.