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Trump Pressures Canada With Tariff Threats Over Palestine Recognition

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President Donald Trump has escalated economic pressure on Canada, signaling the imposition of sweeping new tariffs as a direct response to Ottawa’s plan to recognize

Palestinian statehood. The move comes just ahead of an August 1 deadline to finalize a trade agreement, as Trump warned it would now be “very hard” to reach a deal following Canada’s foreign policy announcement.

Trump declared that the United States would apply a 35% tariff on all Canadian goods not covered under the United States–Mexico–Canada Agreement (USMCA) if negotiations fail. The president announced his Truth Social platform, writing, “Wow! Canada has just announced that it is backing statehood for Palestine. That will make it very hard for us to make a Trade Deal with them.”

Canadian Prime Minister Mark Carney, who recently took office, previously described the tariff discussions with Washington as “constructive” but cautioned that a full agreement might not be achieved before the deadline. He acknowledged that while negotiations remained active, a deal that eliminates all existing tariffs was unlikely at this stage.

Canada remains one of America’s most vital trading partners, second only to Mexico, and is the largest purchaser of U.S. exports.

In 2024, Canada imported \$349.4 billion in U.S. goods and exported \$412.7 billion to the American market, according to data from the U.S. Census Bureau. Canadian steel, aluminum, and vehicle exports have already been hit with U.S. tariffs under prior trade measures.

Last month, Carney’s administration canceled a proposed digital services tax that would have targeted major American tech companies, following criticism from the White House. Trump had abruptly ended trade discussions at that time, labeling the tax a “blatant attack” on U.S. business.

Now, Carney is aligning with France and the United Kingdom by indicating Canada’s intent to support the recognition of a Palestinian state during the upcoming United Nations meeting in September. In a statement, he cited humanitarian concerns in Gaza, saying, “Canada condemns the fact that the Israeli government has allowed a catastrophe to unfold in Gaza.”

The United States and Israel have both rejected Carney’s remarks. The Canadian prime minister’s office did not immediately issue a response to Trump’s latest statement.

The escalating dispute adds further strain to U.S.-Canada relations, intertwining international diplomacy with trade policy. As the deadline looms, the outcome may shape the broader trajectory of North American economic and foreign affairs.