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Tariff Policy Developments Announced by the Trump Administration

Yesterday, March 11, 2025, the administration of Donald Trump announced the following significant tariff measures:

- **Threat of Increased Tariffs on Canadian Metals and Subsequent Revocation:** After Ontario imposed a 25% surcharge on electricity exports to the United States, President Trump threatened to double tariffs on Canadian steel and aluminum, raising them from 25% to 50%. However, following negotiations, Trump decided not to implement these new tariffs. Ontario agreed to withdraw the planned electricity price hike. As a result, President Trump chose to maintain the existing 25% tariffs on Canadian steel and aluminum instead of increasing them. This instability has caused nervousness in financial markets and has negatively impacted sectors such as the automotive and machinery manufacturing industries.
- **European Union's Response to U.S. Tariffs:** European Commission President Ursula von der Leyen announced that the EU will impose retaliatory measures worth €26 billion in response to the new 25% tariffs on steel and aluminum imposed by the United States. The European Commission has identified U.S. products that will be affected, including boats, bourbon, Levi's jeans, and Harley-Davidson motorcycles. The European countermeasures will be implemented in two phases starting in April. Von der Leyen also described the U.S. tariffs as harmful and stated that she hopes to avoid a transatlantic trade war.
- **Difficulties in Negotiations Between the EU and the United States:** Brussels has accused the Trump administration of failing to engage in efforts to reach an agreement to avoid tariffs. European Trade Commissioner Maros Sefcovic stated that his attempts to initiate dialogue with Trump's new team have yielded no results, and that although areas of mutual benefit were identified, the United States does not appear interested in negotiating.
- **Market Reactions:** The heightened tensions between Canada and the U.S. yesterday triggered significant volatility in financial markets. Major U.S. stock indices, including the Dow Jones, S&P 500, and Nasdaq, saw sharp declines at the start of trading, particularly after President Trump acknowledged that tariffs could lead to a recession, while simultaneously assuring that they would drive investment in the U.S. in the long run. This statement sparked a strong negative reaction on Wall Street.

Best regards,

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