



Client Update

The Evolving Tariffs Landscape: Canada and U.S. Trade Tensions

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The recent tariff measures introduced by the Trump administration on imports of various Canadian goods and energy resources have created a complex environment for cross-border trade. This legal update is the first in a series designed to keep our clients informed about the evolving tariff measures. It summarizes key developments to date and explores potential economic implications.

Please note that the information in this update may change as circumstances evolve. We will continue to monitor the tariff measures and provide updates on any significant developments.

Timeline of Trade Tensions Between Canada and the U.S.

On February 1, 2025, the Trump administration proposed a 25% tariff on various goods imported from Canada and a 10% tariff on energy and resources products imported from Canada under the *International Emergency Economic Powers Act* (the “**IEEPA Orders**”), effective February 4, 2025.

¹ The White House, “Fact sheet: President Donald J. Trump imposes tariffs on imports from Canada, Mexico, and China” (February 1, 2025), online: <<https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-imposes-tariffs-on-imports-from-canada-mexico-and-china/>>.

² Department of Finance, “List of products from the United States subject to 25 per cent tariffs effective February 4, 2025”

Citing national security concerns due to undocumented immigration and fentanyl trafficking originating from Canada, the Trump administration claimed these issues were contributing to social strains within the U.S., such as lower wages and increased crime, and argued that economic intervention was necessary.¹ The IEEPA Orders marked the start of trade-related tensions between the two countries.

In retaliation, on February 2, 2025, Canada announced a proposed two-phase tariff plan to initially impose a 25% tariff on \$30 billion worth of goods imported from the U.S., effective February 4, 2025, with plans to expand the measure to cover \$155 billion worth of U.S. imports.²

Following Canada’s retaliatory response, both countries agreed on February 3, 2025 to postpone the implementation of tariffs for at least 30 days. Although Canada had already implemented significant measures to strengthen its border security and immigration system, including the *Canada’s Border Plan* introduced in December 2024, Canada agreed to begin reviewing additional measures. These measures included using new technology, increased personnel and expanded resources aimed at further curbing fentanyl trafficking across the border.³

Government of Canada (February 2, 2025), online: <[List of products from the United States subject to 25 per cent tariffs effective February 4, 2025 - Canada.ca](https://www.canada.ca/en/public-safety-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-february-4-2025-canada.ca)>.

³ Public Safety Canada, “Government of Canada announces its plan to strengthen border security and our immigration system” *Government of Canada* (December 17, 2024), online: <<https://www.canada.ca/en/public-safety->

Despite this temporary pause, on February 4, 2025, the Trump administration confirmed that the tariffs on Canadian imports under the IEEPA Orders would proceed effective March 4, 2025. Following suit, Canada also moved forward with its 25% tariff on \$30 billion worth of goods imported from the U.S., effective March 4, 2025.

Two days after the tariffs on Canadian imports came into effect, the Trump administration announced a one-month reprieve for imports covered under the *United States-Mexico-Canada Agreement* (the “**USMCA**”), temporarily delaying tariffs on USMCA-compliant goods. As a result, the following tariffs would have applied to Canadian imports as of March 6, 2025: (i) a 25% tariff on non-USMCA compliant goods; (ii) a 10% tariff on non-USMCA compliant energy products; and (iii) a 10% tariff on non-USMCA compliant potash products.⁴

However, just as it seemed that some clarity on the tariff measures was emerging, on March 12, 2025, the Trump administration implemented an additional 25% tariff on steel imports from Canada and increased the tariff on aluminum imports from Canada from 10% to 25% under section 232 of the *Trade Expansion Act of 1962*. In response, effective March 13, 2025, Canada introduced a reciprocal 25% tariff on select steel and aluminum products imported from the U.S. valued at \$12.6 billion and \$3 billion, respectively.⁵

On April 3, 2025, President Trump announced that, beginning April 5, 2025, the U.S. would impose a

25% tariff on all foreign-made automobiles and implement reciprocal tariffs ranging from 10% to 49% on its trading partners, proportional to the tariffs imposed on U.S. goods.⁶ In response, Canada imposed a 25% tariff on non-USMCA compliant automobiles effective April 9, 2025. Although an initial White House statement on April 9, 2025 suggested a new 10% baseline tariff would apply to all Canadian imports, the White House stated later that same day that the baseline tariff would not apply to Canada.⁷

On April 9, 2025, the Trump administration announced a 90-day pause on reciprocal tariffs for countries willing to engage in trade negotiations. The White House clarified that this pause would not apply to Canada and that the existing tariffs, being the 25% tariff on most Canadian imports and 10% tariff on Canadian energy and resource products that are not USMCA compliant, would remain unchanged.⁸

On April 15, 2025, Canada announced conditional tariff exemptions for automakers that continue to manufacture vehicles in Canada, allowing them to import a certain number of U.S.-assembled and USMCA-compliant vehicles into Canada, free of the countermeasure tariffs that Canada has imposed.⁹ Further details on the conditional exemptions and related relief programs will be provided in our forthcoming second legal update on the evolving tariff measures.

[canada/news/2024/12/government-of-canada-announces-its-plan-to-strengthen-border-security-and-our-immigration-system.html](https://canada.news/2024/12/government-of-canada-announces-its-plan-to-strengthen-border-security-and-our-immigration-system.html)>.

⁴ The White House, “Fact Sheet: President Donald J. Trump Adjusts Tariffs on Canada and Mexico to Minimize Disruption to the Automotive Industry,” The White House (March 6, 2025), online:< <https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-adjusts-tariffs-on-canada-and-mexico-to-minimize-disruption-to-the-automotive-industry/>>.

⁵ Department of Finance, “List of products from the United States subject to 25 per cent tariffs effective March 13, 2025” *Government of Canada* (March 13, 2025), online:<<https://www.canada.ca/en/department-finance/news/2025/03/list-of-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-march-13-2025.html>>.

⁶ The White House, “Fact sheet: President Donald J. Trump declares national emergency to increase our competitive edge, protect our sovereignty, and strengthen our national and

economic security” (April 2, 2025), online:<<https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security/>>.

⁷ Halpert, M., & Murphy, J., “Trump pauses most global tariffs, but changes nothing for Canada and Mexico” *BBC News* (April 9, 2025), online:<<https://www.cbc.ca/news/world/livestory/trump-pauses-most-global-tariffs-but-changes-nothing-for-canada-and-mexico-9.6717027>>.

⁸ *Ibid.*

⁹ Department of Finance Canada, “Canada announces new support for Canadian businesses affected by U.S. tariffs,” *Government of Canada* (April 15, 2025), online:<<https://www.canada.ca/en/department-finance/news/2025/04/canada-announces-new-support-for-canadian-businesses-affected-by-us-tariffs.html>>.

On April 29, 2025, the Trump administration announced that tariffs imposed on certain goods under multiple measures, such as the IEEPA Orders and the *Trade Expansion Act of 1962*, would no longer result in cumulative tariffs where such tariffs could “stack” on top of one another (the “**Readjustment Orders**”).¹⁰ The Readjustment Orders were designed to prevent the rate of duties on such goods from exceeding what is necessary to achieve policy goals.¹¹

Also on April 29, 2025, the Trump administration announced relief measures for U.S. automakers, stating that automobile parts used in U.S.-assembled vehicles will only be subject to tariffs on the non-USMCA content, with offsets of 3.75% for 2025–2026 and 2.5% for 2026–2027, reducing the overall duties owed (the “**Automotive Adjustment Proclamation**”).¹² Similar to the conditional exemptions extended by Canada to its automotive manufacturers, the Automotive Adjustment Proclamation is intended to incentivize U.S. automotive production by encouraging manufacturers to assemble vehicles domestically, thereby decreasing the reliance on imported automobiles and parts.¹³

The Current Rules

As a result of the above tariff measures, effective April 29, 2025, the following rules are in place for Canadian goods imported into the U.S.:

- (i) USMCA compliant goods will not be subject to any tariffs;¹⁴
- (ii) non-USMCA compliant goods will be subject to a 25% tariff;¹⁵

¹⁰ The White House, “Addressing Certain Tariffs on Imported Articles,” The White House (April 29, 2025), online:<<https://www.whitehouse.gov/presidential-actions/2025/04/addressing-certain-tariffs-on-imported-articles/>>.

¹¹ *Ibid.*

¹² The White House, “Fact sheet: President Donald J. Trump incentivizes domestic automobile production” (April 29, 2025), online:<<https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-incentivizes-domestic-automobile-production/>>.

¹³ *Ibid.*

¹⁴ *Supra* note 4.

¹⁵ *Ibid.*

- (iii) non-USMCA compliant energy and potash will be subject to a 10% tariff;¹⁶
- (iv) pursuant to the Readjustment Orders, certain goods subject to multiple tariff measures will no longer face cumulative tariffs;¹⁷ and
- (v) pursuant to the Automotive Adjustment Proclamation, automobile parts used in U.S.-assembled vehicles will only be subject to tariffs on the non-USMCA content and may qualify for specific tariff offsets.¹⁸

If the existing IEEPA Orders are terminated in the future, USMCA compliant goods will continue to receive preferential treatment, while non-USMCA compliant goods will be subject to a 12% reciprocal tariff.¹⁹

Canadian steel and aluminum products will be subject to a 25% tariff under section 232 of the *Trade Expansion Act of 1962*. However, as noted above, where the same product is covered by more than one trade measure, such product may be exempt from a cumulative 50% tariff under the Readjustment Orders.²⁰

The Automotive Adjustment Proclamation reduces duties on automobile parts equal to 15% of the value of U.S.-assembled vehicles for one year and 10% for the following year.²¹ Accordingly, a tariff reduction of 3.75% applies from April 3, 2025 to April 30, 2026, and 2.5% from May 1, 2026 to April 30, 2027. This reduction will apply to the U.S.-made portion of the vehicle.²² For example, if a vehicle is made with 50% U.S.-sourced parts, the manufacturer will pay tariffs only on 35% of the imported parts during the first year.²³ All other non-

¹⁶ *Ibid.*

¹⁷ *Supra* note 10.

¹⁸ The White House, “Amendments to Adjusting Imports of Automobiles and Automobile Parts Into the United States,” The White House (April 29, 2025), online:<<https://www.whitehouse.gov/presidential-actions/2025/04/amendments-to-adjusting-imports-of-automobiles-and-automobile-parts-into-the-united-states/>>.

¹⁹ *Ibid.*

²⁰ *Supra* note 10.

²¹ *Supra* note 12.

²² *Ibid.*

²³ *Ibid.*

USMCA compliant imported vehicles remain subject to the full 25% tariff.²⁴

U.S. Trade Policy Shifts

President Trump's executive order titled [America First Trade Policy](#) (the “**Policy**”) issued on January 20, 2025, initially triggered the tariffs.²⁵ The Policy aimed to address, among other things: (i) unfair and unbalanced trade for the U.S.; (ii) U.S. economic trade relations with the People's Republic of China; and (iii) additional economic matters that posed a threat to U.S. national security. The Trump administration stated that the Policy was intended to promote investment and productivity within the U.S. and in turn benefit its citizens.²⁶

The ability to implement the tariffs against Canada and Mexico stems from the subsequent IEEPA Orders issued on February 1, 2025. The IEEPA Orders emphasized a rise in drug trafficking, crime and illegal immigration within the U.S., elevating these issues to matters of national security. The Trump administration identified Canada and Mexico as sources of these threats and intended to hold them accountable.²⁷ As a result, and until these concerns were sufficiently addressed, the Trump administration announced that, beginning March 4, 2025, a 25% tariff would apply to Canadian imports, excluding energy products and potash, which would be subject to a 10% tariff. This measure was introduced pursuant to section 2(a) of the IEEPA Orders. Notably, section 2(d) of the IEEPA Orders specified that, should Canada implement retaliatory measures, the U.S. tariffs may be further increased or expanded.

U.S. domestic trade laws permit tariffs on specific goods when certain conditions are met. In the case

of the 25% tariff on Canadian steel and aluminum, the Trump administration has relied on section 232 of the *Trade Expansion Act of 1962*, which allows the U.S. to impose tariffs if excessive imports are deemed a threat to national security.²⁸

The Trump administration has since announced adjustments to the U.S. tariffs under the Readjustment Orders and the Automotive Adjustment Proclamation to prevent multiple tariffs from applying cumulatively to the same good. These measures also include targeted relief for certain industries, including the automotive sector.

Canada's Response to the U.S. Tariffs

In response to the U.S. tariffs, the Canadian government stated that it was prepared to implement retaliatory tariffs and would do so in a two-phase approach. These countermeasures would remain in place until the U.S. eliminated its tariffs against Canada.²⁹

Phase 1

The first phase of the Canadian tariff countermeasures included the application of 25% surtaxes on \$30 billion worth of goods imported from the U.S. The first phase was initially proposed in February 2025 but came into effect on March 4, 2025, following the one-month reprieve mentioned above. These tariffs applied to goods originating from the U.S. and goods eligible to be marked as a good of the U.S. in accordance with Canada's [Determination of Country of Origin for the Purposes of Marking Goods \(CUSMA Countries\) Regulations](#). Examples of products the tariffs apply to include orange juice, wine, spirits, beer, coffee, appliances, apparel, footwear and cosmetics. The

²⁴ *Ibid.*

²⁵ The White House, “America First Trade Policy” (January 20, 2025), online:<<https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/>>.

²⁶ *Ibid.*

²⁷ The White House, “Fact sheet: President Donald J. Trump imposes tariffs on imports from Canada, Mexico, and China” (February 1, 2025), online:<<https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-imposes-tariffs-on-imports-from-canada-mexico-and-china/>>.

²⁸ U.S. Department of Commerce, “Section 232 National Security Investigation of Steel Imports”, online:<[²⁹ Department of Finance, “List of products from the United States subject to 25 per cent tariffs effective February 4, 2025” *Government of Canada* \(February 2, 2025\), online:< \[List of products from the United States subject to 25 per cent tariffs effective February 4, 2025 - Canada.ca\]\(#\)>.](https://www.commerce.gov/issues/trade-enforcement/section-232-steel#:~:text=Under%20Section%20232%20of%20the,threat%20to%20US%20national%20security.>/></p></div><div data-bbox=)

full list is available on the [Department of Finance Canada website](#).³⁰

Phase 2

The second phase of the Canadian tariff countermeasures will include the imposition of 25% surtaxes on other imported U.S. goods worth \$125 billion. Although the second phase is not yet in effect as of the date of this legal update, the targeted goods include passenger vehicles and trucks (including electric vehicles), various fruits and vegetables, aerospace products, beef, pork, dairy, recreational vehicles and boats.³¹

Note that these measures would result in surtaxes *in addition* to any other applicable duties owing, such as anti-dumping duties.

Reciprocal Tariffs

As noted above, Canada has not hesitated to implement retaliatory tariffs mirroring those imposed by the U.S. These measures include a 25% tariff on select steel and aluminum products, as well as a range of additional U.S. goods, bringing the total value of countermeasures to \$29.8 billion. Canada also imposed a 25% tariff on non-USMCA-compliant automobiles effective April 9, 2025, mirroring the U.S. tariffs on such products.

Addressing the Root Causes of the Tariffs

The Canadian government reiterated its position that the U.S. tariffs imposed on Canada were unwarranted. As such, it stated that it would explore all available options, including non-tariff measures, should the U.S. continue to apply tariffs on Canadian imports. These non-tariff options include: (i) ongoing negotiations with the U.S.

government, and (ii) addressing the alleged root causes of the tariffs.

For example, Canada has appointed a new “Fentanyl Czar,” a high-level official appointed to address fentanyl being trafficked into the U.S.³² It also launched an *Integrated Money Laundering Intelligence Partnership* between Canadian law enforcement and major Canadian banks to combat organized crime.³³

These measures were in addition to the previously announced *Canada’s Border Plan* to strengthen border security and the immigration system. Launched in December 2024, *Canada’s Border Plan* is supported by a CAD \$1.3 billion investment and focuses on five key pillars: (i) detecting and disrupting the fentanyl trade; (ii) introducing significant new tools for law enforcement; (iii) enhancing operational coordination; (iv) increasing information sharing; and (v) minimizing unnecessary border volumes.³⁴

Provincial Reactions

Provincial governments have pledged to collaborate closely with the federal government to deliver a strong and unified Canadian response to the U.S. tariffs. Premiers of various provinces have begun coordinating efforts to bolster the domestic economy by reducing internal trade barriers and improving labour mobility. Ontario Premier Doug Ford responded with specific measures, including removing U.S. alcohol from LCBO shelves and preventing U.S. companies from bidding on provincial contracts.³⁵

³⁰ *Ibid.*

³¹ Jean-Guillaume Shooner et al, “U.S. Tariffs and Canada’s Immediate Response: Reshaping the Landscape of North American Trade?” *Stikeman Elliot* (February 3, 2025), online:<<https://stikeman.com/en-ca/kh/canadian-ma-law/us-tariffs-and-canadas-immediate-response-reshaping-the-landscape-of-north-american-trade>>.

³² Health Canada, “Government of Canada takes further action to address fentanyl precursor chemicals” *Government of Canada* (February 14, 2025), online:<<https://www.canada.ca/en/health-canada/news/2025/02/government-of-canada-takes-further-action-to-address-fentanyl-precursor-chemicals.html>>.

³³ Department of Finance Canada. “Government launches new intelligence sharing partnership focused on fentanyl trafficking

and other criminal use of funds” *Government of Canada* (February 20, 2025),

online:<<https://www.canada.ca/en/department-finance/news/2025/02/government-launches-new-intelligence-sharing-partnership-focused-on-fentanyl-trafficking-and-other-criminal-use-of-funds.html>>.

³⁴ Public Safety Canada, “Government of Canada announces its plan to strengthen border security and our immigration system” *Government of Canada* (December 17, 2024), online:<<https://www.canada.ca/en/public-safety-canada/news/2024/12/government-of-canada-announces-its-plan-to-strengthen-border-security-and-our-immigration-system.html>>.

³⁵ Rob Gillies, “Canada’s most populous province to pause retaliatory measures as US puts tariffs on hold” *The*

Government Support and Relief

The Canadian government has introduced several support programs to help Canadian businesses affected by tariffs, such as the Trade Impact Program, conditional tariff exemptions for automakers and new loan facilities. Additional information regarding such programs will be discussed in our upcoming second legal update on the evolving tariff measures.

Federal Election Results

Although Canada has maintained a strong response to the U.S. tariffs, much of it has occurred amid political uncertainty and shifting federal leadership. With the recent election concluded and Mark Carney's Liberal Party forming the next federal government, policy direction is expected to stabilize. Throughout his campaign, Carney emphasized economic resilience and Canadian sovereignty, particularly in response to the U.S. tariffs. For example, Carney has proposed key initiatives to address the tariffs, including a \$2 billion strategic response fund for the auto sector, plans to strengthen domestic supply chains in automotive and critical minerals, and the use of counter-tariff revenues to support affected workers.³⁶

The Historical Trading Relationship

Canada and the U.S. have one of the world's most extensive trading relationships based on their geographical locations and integration of certain industries. The trading relationship has evolved from historical agreements, such as the *Reciprocity Treaty* to the *Auto-Pact Agreement* and the *North American Free Trade Agreement* (the "**NAFTA**"). The most recent agreement between the countries is the USMCA, which was negotiated during the previous Trump administration. These agreements have allowed businesses on both sides of the

border to enjoy, and become accustomed to, mostly duty-free trade.

Currently, the U.S. is Canada's largest trading partner in both goods and services. According to Statistics Canada, in 2024, approximately 76% of Canada's exports went to the U.S. and almost half of Canada's imports came from the U.S.³⁷ According to data from the U.S. Census Bureau, Canada was the third-largest supplier of goods to the U.S. in 2024, with Canadian imports into the U.S. totaling US\$413 billion.³⁸ Canada was also the top destination for U.S. exports, which amounted to US\$349 billion.³⁹

The Trump administration has consistently argued that the U.S. has faced a trade deficit with Canada in goods and services. While headline figures may suggest such a trade deficit, a closer look reveals the opposite. In 2023, the U.S. reported a trade deficit of US\$41 billion with Canada. However, this figure is heavily influenced by energy imports, particularly Canadian crude oil and natural gas. When energy is excluded, the U.S. runs a consistent trade *surplus*. This trend has persisted over many years, revealing that Canada has maintained a trade deficit with the U.S. since 2007.⁴⁰ In light of this, claims that Canada benefits disproportionately from U.S. trade policy are not only unfounded but they ignore that Canada, in fact, bears the trade imbalance.

The USMCA

The USMCA replaced NAFTA in 2020, establishing a new framework for preferential duty treatment of specific goods crossing the borders of participating countries. The USMCA provides guidelines known as the *Rules of Origin*, which require a certain percentage of a product's content to be sourced from within the subject USMCA country to qualify for duty-free treatment. The imposition of tariffs caused confusion among businesses, as it was unclear whether USMCA-compliant goods would be affected. However, as

Associated Press (February 3, 2025), online:<<https://apnews.com/article/canada-trump-tariffs-ontario-musk-2bc1b52b0390ace9686b270606c51573>>.

³⁶ Rabinovitch, A. "What Mark Carney's victory means for the trade war with Trump" *Global News* (April 29, 2025), online:<<https://globalnews.ca/news/11154583/canada-election-mark-carney-donald-trump-tariffs/>>

³⁷ *Ibid.*

³⁸ Kyla H. Kitamura, "U.S.-Canada Trade Relations" *Congressional Research Service* (February 13, 2025), online:<<https://crsreports.congress.gov/product/pdf/IF/IF12595>>.

³⁹ *Ibid.*

⁴⁰ *Supra* note 2.

noted above, it appears that these goods will continue to receive preferential treatment. Businesses are advised to review the *Rules of Origin*, as eligibility for this treatment depends on the specific goods and proper documentation.

Points of Contention Between the Countries

Despite the strong trading history between Canada and the U.S., there have been various points of contention between the two countries, including disputes over softwood lumber, dairy products and automotive parts.

In the past, the U.S. has expressed dissatisfaction with Canada's regulatory approach in these sectors. For example, Canada's supply management system for dairy and other agricultural products has prevented many U.S. agricultural products from entering the Canadian market. Canada agreed to increase access for U.S. dairy exports through tariff-rate quotas, allowing specified quantities to be imported at preferential duty rates under the USMCA. However, the U.S. has challenged Canada's dairy quotas multiple times under the USMCA, alleging the quotas to be unfair to U.S. farmers. Initially, the USMCA panel ruled in favor of the U.S.⁴¹ In a subsequent case brought in November 2023, the USMCA panel ruled in favor of Canada.⁴² This decision was met with negative responses from members of the U.S. Congress but cannot be appealed. According to the U.S. Congressional Research Service, there has been growing pressure from Congress members on the U.S. government to push for greater access to Canada's dairy market.⁴³ Trade issues like these have created a rift between the two countries, which may have gradually influenced the decision to impose tariffs on Canada.

Economic Implications of the U.S. Tariffs

The tariffs will significantly impact several key Canadian industries, including energy, automotive, manufacturing, agriculture, forestry and consumer goods. These sectors will be directly subjected to the tariffs, resulting in higher costs and potential trade disruptions. For example, the removal of U.S.

exemptions for goods valued under US\$800, previously covered by *de minimis* exemptions, will lead to higher prices for end products. Additionally, as U.S. trade supports approximately two million direct and indirect jobs across Canada, reduced export activity could weaken the Canadian labour market.⁴⁴

Given the highly integrated trade relationship between Canada and the U.S., the negative effects of these tariffs on Canadian imports are likely to ripple through supply chains, increasing costs for both businesses and consumers. In the long term, the tariffs are likely to contribute to higher inflation. While the stronger U.S. dollar may provide some offset, historical trends suggest that both Canada and the U.S. will experience reduced GDP growth.⁴⁵

One of the most significant consequences of the tariffs is increased uncertainty in the global market. Businesses may hesitate to engage in transactions or implement permanent changes while navigating the trade implications. As a result, Canadian investment could decline due to weaker exports and higher costs for imported goods, despite the favourable exchange rate and lower labour costs. Some businesses may even shift investment to markets outside Canada and the U.S., capitalizing on other countries where the tariff impact is less pronounced.

Conclusion

The imposition of tariffs by the Trump administration, including 25% duties on Canadian goods imported into the U.S. and 10% tariffs on Canadian energy and resource products, marked a significant shift in Canada-U.S. trade dynamics. The tariff measures have introduced new complexities into a historically cooperative relationship, challenging long-established supply chains and economic integration. Canada is proactively addressing these issues through various countermeasures, including retaliatory tariffs, engaging in negotiations with the U.S. government, and addressing the underlying causes of illegal

⁴¹ *Supra* note 37.

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ Bank of Canada, "Evaluating the potential impacts of US tariffs Monetary Policy Report—January 2025—In focus"

Bank of Canada (January 2025),
online:<<https://www.bankofcanada.ca/publications/mpr/mpr-2025-01-29/in-focus-1/>>.

⁴⁵ *Ibid.*

immigration by strengthening its borders and taking steps to combat the flow of fentanyl across the border. It is important that Canadian businesses closely monitor developments in the evolving tariff landscape to assess potential impacts and adapt their strategies to stay competitive.

If you have any questions about this content, please contact the author [Rory Cattanach](#) at rory@wildlaw.ca. The author gratefully acknowledges the assistance of Articling Student [Pavanpreet Ranu](#) in the preparation of this update.

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