

DENTONS

BORDER TALKS

WEEKLY WEBINAR
SERIES

The Trade War is on – maybe – Now what?

February 7, 2025

Grow | Protect | Operate | Finance

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Trump threatens tariffs on Canada, Mexico, & China

On February 1, 2025, US President Donald Trump signed an Executive Order directing the United States to impose new tariffs on imports from Canada, Mexico, and China, to take effect on February 4, 2025.

- The proposed tariffs are as follows:
- 25 percent tariffs on all imports from Mexico,
- 25 percent tariffs on all products from Canada (other than energy resources, which are subject to a 10 percent tariff), and
- 10 percent tariffs on all imports from China

On February 3, 2025, following commitments made by Canada and Mexico along the border, the parties agreed to halt the tariffs for one month. At this time, the response from China remains unclear.



Canada's counter-measures

Trudeau hits back at the U.S. with big tariffs after Trump launches a trade war

Retaliation comes after U.S. President Donald Trump slapped 25% tariffs on goods



John Paul Tasker · CBC News · Posted: Feb 01, 2025 4:00 AM EST | Last Updated: February 1



Prime Minister Justin Trudeau addresses the media following the imposition of a raft of tariffs by U.S. President Donald Trump against Canada, Mexico and China, in Ottawa on Saturday. Public Safety Minister David McGuinty,

- *United States Surtax Order (2025) - ss. 53(2) & 79(a) Customs Tariff*
- Tariffs on CA\$30 billion of US goods
- Orange juice, peanut butter, wine, spirits, beer, coffee, appliances, apparel, footwear, motorcycles, cosmetics, and pulp and paper. 1,256 HS codes
- <https://www.canada.ca/en/department-finance/news/2025/02/list-of-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-february-4-2025.html>
- CA\$125 billion of US goods subject to tariffs after 21-day consultation period
- Passenger vehicles and trucks, including electric vehicles, steel and aluminum products, certain fruits and vegetables, aerospace products, beef, pork, dairy, trucks and buses, recreational vehicles, and recreational boats – Full list not published

Canadian Provincial Measures

- Most Canadian provinces announced retaliatory measures. Measures include:
 - Removing US origin from shelves of public liquor stores. Immediate purchase freeze of US alcohol. Delisting of US alcohol from wholesale purchasing.
 - Public procurement limitations, including barring US companies from bidding, implementing Canada first strategies, and in certain instances cancellation of contracts
 - Increasing tolls for US commercial drivers
- Measures have been put on pause.

Provinces respond to Trump tariffs by pulling U.S. liquor from shelves

Ont., B.C., N.L., Que., N.S., P.E.I. and Man. announce measure in retaliation to levies

CBC News · Posted: Feb 02, 2025 9:02 AM EST | Last Updated: February 2



Remission Drawback relief

Remission and drawback of counter-tariffs will be available

- **Remission:**

- Where sound economic reasons
- Inability to source product elsewhere
- Contractual obligations prevent alternative sourcing
- Goods used in manufacturing
- Evidence of effect on employment, investment other relevant factors



Don't wait – start preparing

- **Drawback:**

- Program available
- Subject to usual eligibility conditions : goods re-exported

What about software, electricity?



30-day pause – What did Canada promise to do?



30-day pause – what’s the Administrations end game?

 **Donald J. Trump Posts From His Truth Social**  
@TrumpDailyPosts

The “Tariff Lobby,” headed by the Globalist, and always wrong, Wall Street Journal, is working hard to justify Countries like Canada, Mexico, China, and too many others to name, continue the decades long RIPOFF OF AMERICA, both with regard to TRADE, CRIME, AND POISONOUS DRUGS that are allowed to so freely flow into AMERICA. THOSE DAYS ARE OVER! The USA has major deficits with Canada, Mexico, and China (and almost all countries!), owes 36 Trillion Dollars, and we’re not going to be the “Stupid Country” any longer. MAKE YOUR PRODUCT IN THE USA AND THERE ARE NO TARIFFS! Why should the United States lose TRILLIONS OF DOLLARS IN SUBSIDIZING OTHER COUNTRIES, and why should these other countries pay a small fraction of the cost of what USA citizens pay for Drugs and Pharmaceuticals, as an example? THIS WILL BE THE GOLDEN AGE OF AMERICA! WILL THERE BE SOME PAIN? YES, MAYBE (AND MAYBE NOT!). BUT WE WILL MAKE AMERICA GREAT AGAIN, AND IT WILL ALL BE WORTH THE PRICE THAT MUST BE PAID. WE ARE A COUNTRY THAT IS NOW BEING RUN WITH COMMON SENSE — AND THE RESULTS WILL BE SPECTACULAR!!!

Donald Trump Truth Social Post 08:02 AM EST 02/02/25

10:42   

 **Donald J. Trump Pos...** 
13.3K posts

Posts Replies Subs Highlights Media

 137  1.5K  7.8K  238K  

 **Donald J. Trump Posts From H...**  · 2d  

Canada has agreed to ensure we have a secure Northern Border, and to finally end the deadly scourge of drugs like Fentanyl that have been pouring into our Country, killing hundreds of thousands of Americans, while destroying their families and communities all across our Country.

Canada will implement their \$1.3 Billion Border plan, and as per Prime Minister Trudeau, will be, “reinforcing the Border with new choppers, technology and personnel, enhanced coordination with our American partners, and increased resources to stop the flow of fentanyl. Nearly 10,000 frontline personnel are, and will be, working on protecting the Border. In addition, Canada is making new commitments to appoint a Fentanyl Czar, we will list cartels as terrorists, ensure 24/7 eyes on the Border, launch a Canada-U.S. Joint Strike Force to combat organized crime, fentanyl and money laundering. I have also signed a new intelligence directive on organized crime and fentanyl, and we will be backing it with \$200 million.”

As President, it is my responsibility to ensure the safety of ALL Americans, and I am doing just that. 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!

    

Donald Trump Truth Social Post 04:57 PM EST

What should Canadian companies do in coming weeks?

- Review supply chain
- Review key contracts – good ol' fashion lawyering: indemnities, termination clauses, Incoterms etc.
- Consider possible relief from countermeasures
 - Exclusion
 - Remission
 - Drawback
- Join advocacy groups (trade associations etc.)
- Stay alert/stay informed – situation is volatile
- Anticipate disputes
- Press for disclosure of Canada's List 2
- Consider transfer pricing/tax issues

Other consideration: What are we seeing?

- "Strategic pauses" on capital investments
- Deferrals of financial forecast disclosures
- Layoffs
- MAE clauses and enhanced DD in M&A

Thank you



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