

Export Navigator

Tariffs 101: Understanding the Impact on your Business

by Michael Hoher, Export Advisor –
Kootenay & Boundary

March 18, 2025

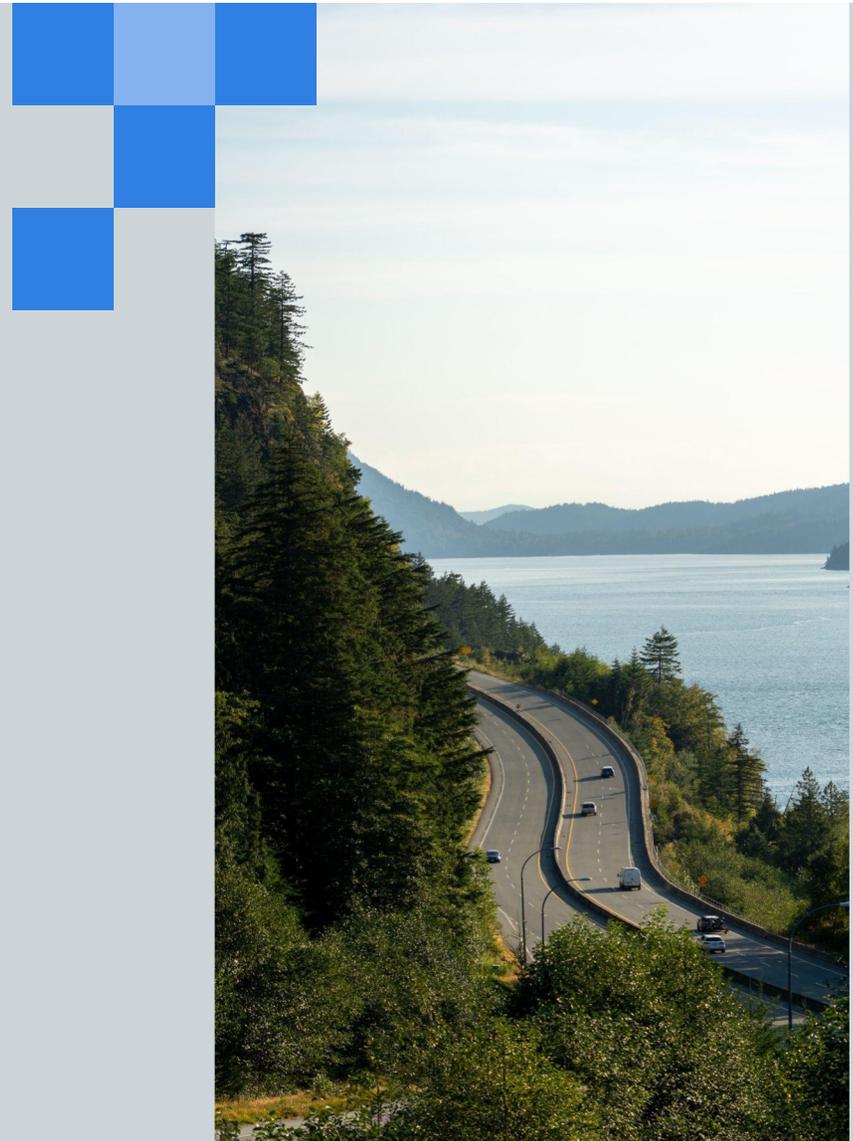


Canada



AGENDA

1. Present Moment Tariff Environment
2. A Tariff Example
3. Minimizing Tariff Risks
4. Opportunities
5. Support Resources & Programs & Handouts
6. Export Navigator
Your Personal Guide to Export



Comments

“Enterprises should recognize tariff volatility as a multiyear, dynamic event.”

Suzie Petrusic, Senior Director Analyst
Gartner Supply Chain

“While many companies are simply seeking to survive tariffs, the best of breed companies will be investing. That may be in people. It may be in technology. It may in supplier diversification or geographic diversification.”

Carla DeSantis, Partner - Operations Transformation
PwC Canada

Present Moment Tariff Environment

TRADE ACTIONS - USA vs CANADA ACTIVE / PAUSED

	Action	Status	Implementation	Most Recent Executive Order
USA	25% tariff on products of Canada; 10% tariff on energy from Canada	Partially Paused	March 4 / April 2	EO / EO
USA	Removal of de minimis on products of Canada	Paused	TBA	EO
CAN	25% tariff on certain products of US	Active	March 4 / March 12 / April 2	Part 1 / Part 2 / Part 3
USA	25% tariff on steel	Active	March 12	EO
USA	25% tariff on aluminum	Active	March 12	EO

CANADA RETALITATORY TRADE ACTIONS – [searchable sites](#)

- [List of products from the United States subject to 25 per cent tariffs effective March 4, 2025](#)
- [List of products from the United States subject to 25 per cent tariffs effective March 13, 2025](#)
- [Notice of Intent to Impose Countermeasures in Response to United States Tariffs on Canadian Goods](#)
 - For the second (*now third*) round of tariffs the Government of Canada is seeking views from business, stakeholders, and Canadians regarding the impacts of the application of tariffs on the \$125 billion in imports of additional goods from the U.S. This second round of tariffs will be subject to a *comment period until April 2, 2025.*

CANADA RETALIATORY TRADE ACTIONS – FIRST LIST (\$30bb)

- Agricultural products: Live poultry (fowls, ducks, turkeys), poultry meat (fresh, chilled, frozen), offal
- Dairy & food products: Cheese, yogurt, processed meats, canned vegetables, and baked goods
- Alcohol & beverages: Whiskey, bourbon, wine, beer, and non-alcoholic beverages
- Machinery, appliances & equipment: Mechanical and household appliances, and parts
- Automotive: Vehicle engines, transmissions, parts, and accessories
- Consumer goods: Furniture, mattresses, household appliances, apparel, and footwear
- Plastic & rubber products: Packaging materials, plastic sheets, tires
- Wood & paper products: Lumber, plywood, paper, and cardboard
- Jewelry & precious metals: Gold, silver, jewelry items, and coins
- Tools & hardware: Hand tools, fasteners, locks, and metal fittings

CANADA RETALIATORY TRADE ACTIONS – SECOND LIST (\$29.8bb)

- Steel products
- Aluminum products
- Tools
- Computer & servers
- Display monitors
- Sport equipment
- Cast-iron products

Source: [Canada responds to unjustified U.S. tariffs on Canadian steel and aluminum products](#), Government of Canada

CANADA RETALIATORY TRADE ACTIONS – THIRD LIST (\$125b)

- Aerospace, vehicles & boats: Including aerospace products, passenger vehicles and trucks, including electric vehicles, heavy trucks, buses, recreational vehicles, and recreational boats.
- Machinery, appliances & equipment: Agricultural machinery, industrial machines, mechanical appliances, and parts
- Iron & steel products: Pipes, tubes, sheets, wire, and structural components
- Aluminum products: Raw aluminum, foil, sheets, and bars
- Construction materials: Stone, plaster, cement, pipes and pipe fittings of various materials
- Wood and paper goods: Additional products of the lumber and paper industries
- Agricultural & food products: Further livestock, beef, pork, and dairy; certain fruits, vegetables, and plant products; fish and seafood; bread and baked goods
- Chemical products: Industrial chemicals, fertilizers, and cleaning agents
- Textiles & fabrics: Cotton fabrics, synthetic fibers, carpeting and textile products
- Glass & ceramic products: Glassware, ceramic tiles, and sanitary fixtures
- Medical & scientific equipment: Instruments, devices, and lab equipment
- Electronics & electrical components: Cables, transformers, household electronics
- Recreational products: Sporting goods, musical instruments, and games

CANADA RETALIATORY TRADE ACTIONS – NON-TARIFF MEASURES

- Halt purchases of US products - consumer activism
- Halt sales of US products – alcoholic beverages
- Procurement restrictions – government procurement contracts
- Investments in internal trade and diversification
- Export restrictions – energy and nickel
- Transport restrictions – road tolls

TRADE ACTIONS - USA vs CANADA PENDING

	Action	Status	Implementation	Most Recent Executive Order
USA	25% tariffs on automobiles, semiconductors, and pharmaceutical imports	TBC	April 2	
USA	Energy	TBC	Under review	<u>EO</u>
USA	Digital Services	TBC	Under review	<u>EO</u>
USA	Copper	TBC	Under review	<u>EO</u>
USA	25% tariffs on lumber & wood	TBC	Under review	<u>EO</u> / <u>EO</u>
USA	250% tariff on dairy products	TBC	TBA	
USA	Reciprocal tariffs on all products and countries	TBC	April 2	

TRADE ACTIONS - USA vs OTHER TRADING PARTNERS

	Action	Status	Implementation	Most Recent Executive Order
USA	20% tariff on products of China	Active	Feb 4 / March 4	EO
USA	Removal of de minimis on products of China	Paused	TBA	EO
USA	25% tariff on certain products of Mexico	Active	March 4	EO / EO
USA	Removal of de minimis on products of Mexico	Paused	TBA	EO

Observation on Business Reactions

1. US too important a market to abandon – set up shop there (demand or opportunity driven)
2. Abandon US activities and focus on domestic market
3. Diversify into other international markets (FTAs)
4. Shellshocked – not sure what to do and where to start

A Tariff Example



Pre-Tariff Example – Step 1: Import from China



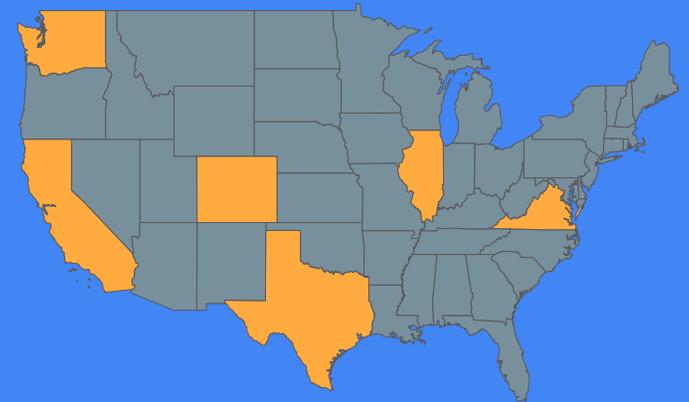
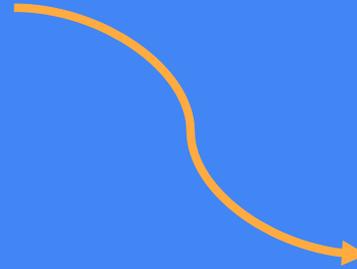
**Fleece Sweater
Made in China**
HS Code: 6211.49.91.00 (Import into Canada)
MFN Tariff: 18%
GST: 5%



Cost Item	Value in C\$
Sweater Cost DDU BC	\$ 100.00
<i>MFN Tariff 18%*</i>	\$ 18.00
GST 5%	\$ 5.90
LANDED COST	\$ 123.90

*Drawback possibility

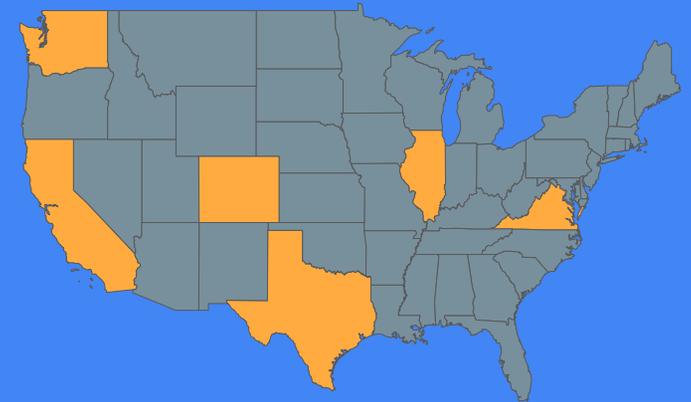
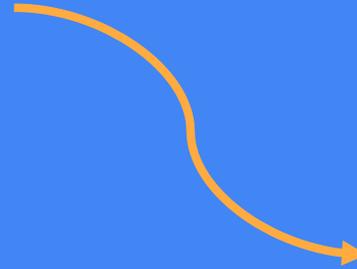
Pre-Tariff Example - Step 2: Export to US



**Fleece Sweater
Made in China
HS Code: 6211.49.15.40 (Export into US)
MFN Tariff: 12%**

Cost Item	Value in C\$
Sweater Cost DDU USA	\$ 225.00
MFN Tariff 12%	\$ 27.00
Tariff 20%	n/a
LANDED COST	\$ 252.00

New Tariff Example – Step 2: Export to US



Fleece Sweater
Made in China
HS Code: 6211.49.15.40 (Export into US)
MFN Tariff: 12%
Tariff: 20%

Cost Item	Value in C\$
Sweater Cost DDU USA	\$ 225.00
MFN Tariff 12%	\$ 27.00
Tariff 20%	\$ 45.00
LANDED COST	\$ 297.00

Comparison Example Direct Shipment from China to US

Fleece Sweater
Made in China
HS Code: 6211.49.15.40 (Import into US)
MFN Tariff: 12%
Tariff: 20%

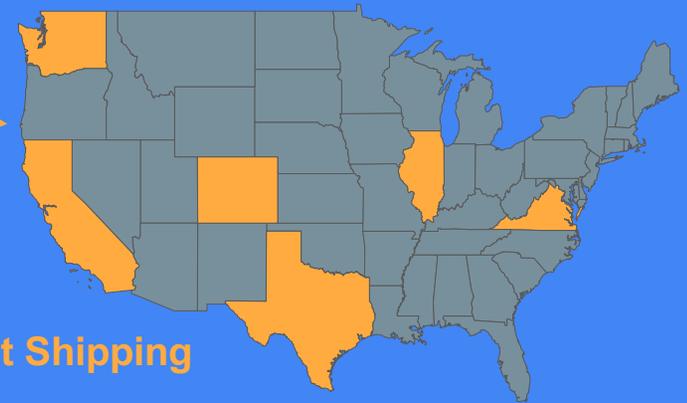


HS Code: 6211.49.15.40 (Import into US)

MFN Tariff: 12%

Tariff: 20%

Cost Item	Value in C\$
Sweater Cost DDU US	\$ 100.00
MFN Tariff 12%	\$ 12.00
Tariff 20%	\$ 20.00
LANDED COST	\$ 132.00
Profit	\$ 80.00
US Sales Price	\$ 212.00



Export via Canada vs Direct Shipping
Sales Price Delta 40%

Minimizing Tariff Risks

Recommended Actions

Strategy

- Illuminate full impact of tariffs > trade chain, supply chain, customs, taxation, global tariffs
- [Trade chain review](#) (existing value chain)
- Supply chain risks and opportunities
- Assess and adjust tax strategies
- Engage in advocacy efforts

Source: [Trade turbulence: Can your business weather the tariff storm?](#), Gowling WLG
[Trade chain reviews: What are they, and when do you need one?](#), MNP

Recommended Actions

Logistics – 1

- Understand how Canadian and US tariffs work
 - Customs valuation rules (fair price, transfer pricing,...)
 - Tariff calculation (see fleece sweater example)
 - Allowable deductions (exact amounts!) included in selling price (for DDP Incoterms 2020 for Canadian non-resident importer)
 - Service portion i.e. design
 - Freight & insurance
 - Duties
 - Other user fees
 - Brokerage cost
 - Bond

Recommended Actions

Logistics – 2

- Tariff applicability
 - Ensure HS classification accuracy
 - Country of Origin determination
- Proper choice of Incoterms 2020 – who is the importer of record?
- Leverage Trade Incentive Programs (must be in line with CUSMA rules)
 - Assists or vendor managed inventory (see handout)
 - Duty drawbacks (see handout)
 - Duty deferral (see handout)
 - [Remission](#) from Canadian retaliatory tariffs based on (1) lack of domestic supply or (2) exceptional circumstances

Recommended Actions

Finances

- Bring accounting & financial management practices in order (micro businesses)
- Perform sensitivity / scenario analysis – pricing, revenue, cost, profitability
- Identify cost saving opportunities

Recommended Actions

Document & contract review

- From quote to sales order to commercial invoice
- Incoterms 2020 adaptation (Importer of Record)
- Payment terms
- Price adjustment clause
- Force majeure clause
- Negotiation opportunity

Advocacy Efforts

- [BC MLA for Kootenay Central - Honorable Brittny Anderson](#)
- [BC MLA for Kootenay Rockies – Pete Davis](#)
- [BC MLA Columbia River – Revelstoke – Scott McInnis](#)
- [BC MLA Kootenay Monashee – Steve Morissette](#)
- [BC MLA Boundary Similkameen – Donegal Wilson](#)

- [Canada MP for Kootenay – Columbia – Rob Morrison](#)
- [Canada MP for South Okanagan – West Kootenay – Richard Cannings](#)

- [Your local Chamber of Commerce](#)
- [Canadian Federation of Independent Business \(CFIB\)](#)

DO NOT DO LIST

- Trade Re-routing – “entrepot trade”, shipping goods through bystander countries not subject to tariffs
- Mislabeling – make the products appear to be a similar product subject to lower rates
- Underreporting – under evaluating the commercial value

Common Practices

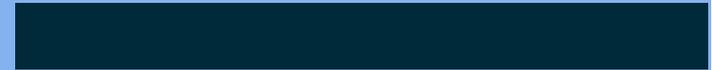
- Applying / lobbying for exemptions
 - Remission
- Direct shipment from country of origin (China, EU, ...)
- Shifting sourcing and production (US primary objective)
 - NOBL Wheels in [Cumberland BC](#) opened US facility in [Bellingham WA](#) in Feb 2025
- Tariff Engineering - redesigning products (does not work with universal tariffs)
 - Marvel X-men action figure **Doll** **Non-human toy (1/2)**
 - Santa suit **Clothing** **Festive article**
 - Snuggies **Garment (14.9%)** **Blanket (8.5%)**
 - Converse All Star Sneakers **Athletic shoes (20%)** **Slipper (8%)**
 - Ford Transit Connect **Truck (25%)** **Car (2.5%)**

Source: [A look at some of the creative ways companies try to dodge high tariffs](#), NPR

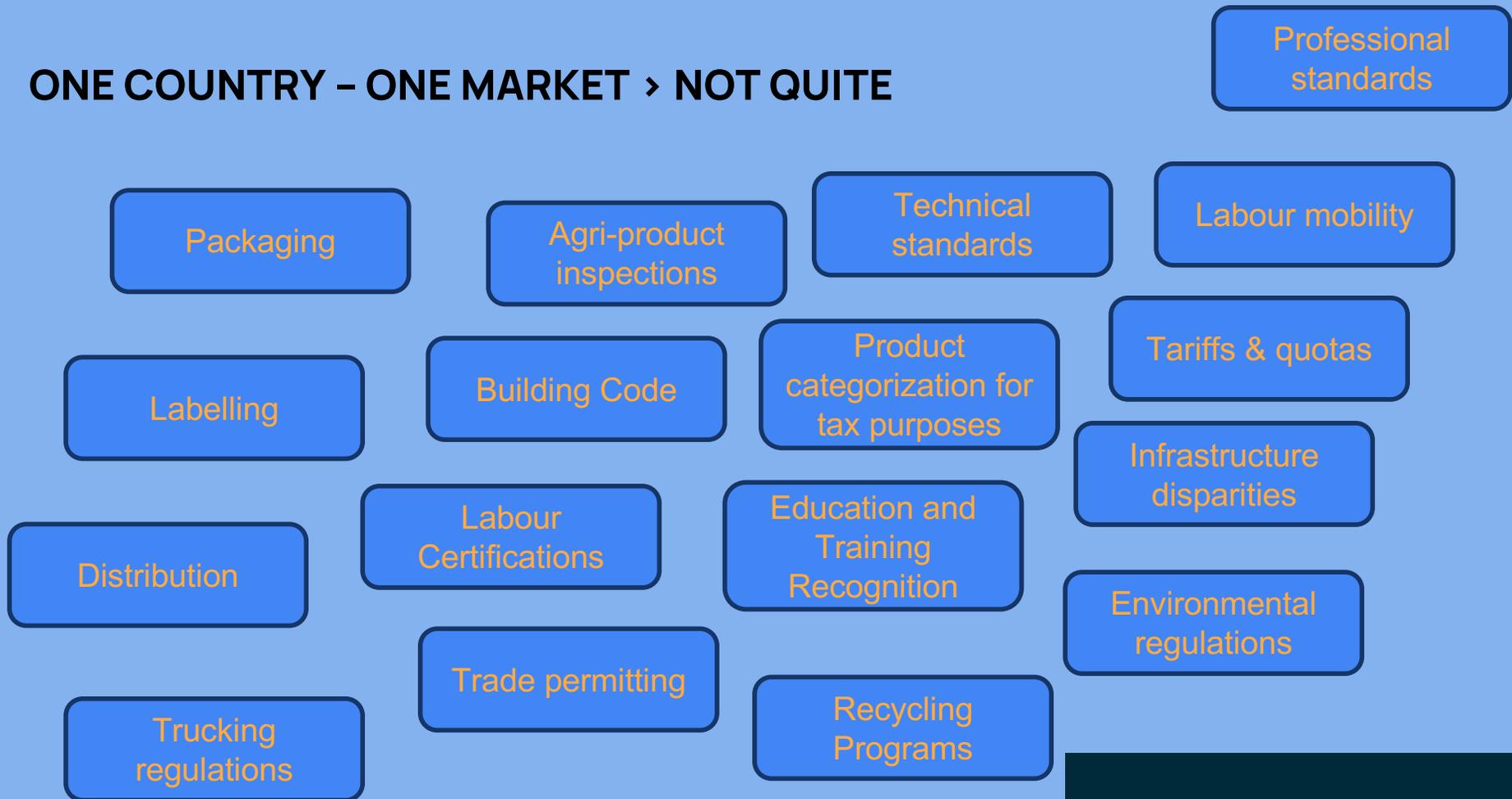
OPPORTUNITIES

- Canada Intra-Provincially
- Internationally

WITHIN CANADA › ONE COUNTRY – ONE MARKET (NOT QUITE)



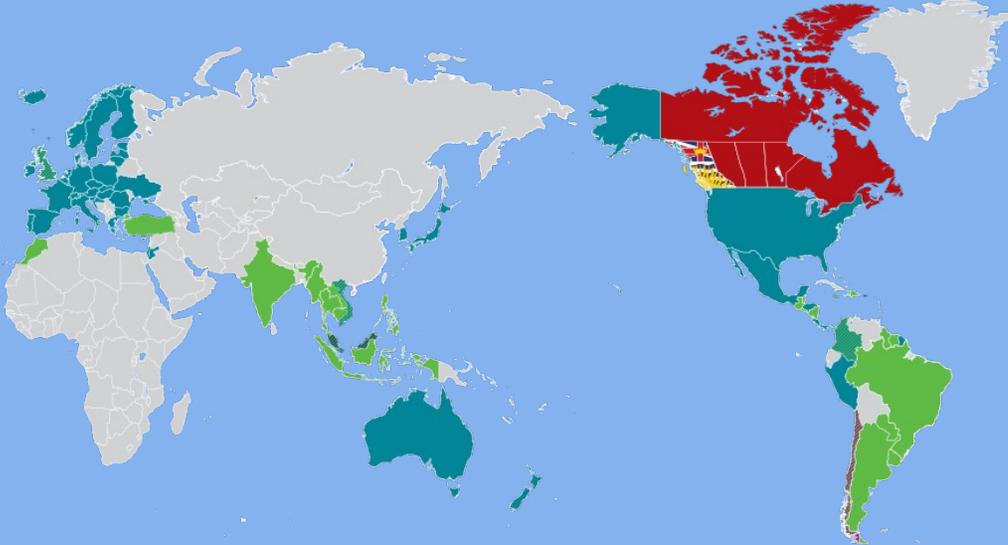
ONE COUNTRY – ONE MARKET > NOT QUITE



WITHIN CANADA

- Made in Canada / Product of Canada
- Buy Canadian Initiatives (see handout)
- Intra-provincial trade
 - Mutual recognition of goods and services
 - Improved labour mobility
 - Canadian Free Trade Agreement: Reducing exceptions and addressing sectoral priorities

INTERNATIONALLY

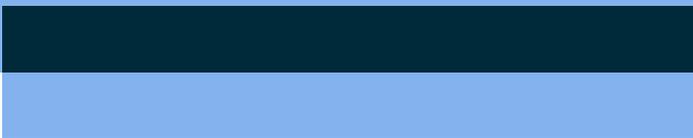


- Canada has implemented FTAs with these countries
- Canada has concluded but not yet ratified FTAs with these countries
- Canada is in negotiation or exploratory talks with these countries
- Canada has both in-force and not yet ratified FTAs
- British Columbia has domestic trade agreements with Canadian provinces

- | | |
|---|--|
| <p>AUSTRALIA
 COLOMBIA
 COSTA RICA
 EUROPE
 HONDURAS
 ISRAEL
 JAPAN
 JORDAN
 MEXICO
 NEW ZEALAND
 PANAMA
 PERU
 PUERTO RICO
 SINGAPORE
 SOUTH KOREA
 UNITED KINGDOM
 UNITED STATES
 UKRAINE
 VIETNAM</p> | <p>BRUNEI
 MALAYSIA</p> <p>ARGENTINA
 BRAZIL
 CARIBBEAN COMMUNITY
 DOMINICAN REPUBLIC
 EL SALVADOR
 GUATEMALA
 INDIA
 INDONESIA
 NICARAGUA
 MOROCCO
 PARAGUAY
 PHILIPPINES
 TAIWAN
 TURKEY
 URUGUAY</p> <p>CHILE</p> |
|---|--|

This map does not include the broader trade agreements Canada is a Party to through the World Trade Organization (WTO) or Canada's Foreign Investment Promotion and Protection Agreements (FIPA), September 2021.

2021Graphic - Canada's Free Trade Agreements



INTERNATIONALLY – FTAs active

- Free Trade Agreements (FTAs)

1. CUSMA - Canada-United States-Mexico Agreement - Canada, United States, Mexico
2. CPTPP - Comprehensive and Progressive Agreement for Trans-Pacific Partnership - Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam
3. CETA - Comprehensive Economic and Trade Agreement - 27 European Union countries
4. Canada-Chile Free Trade Agreement - Chile
5. Canada-Colombia Free Trade Agreement - Colombia
6. Canada-Costa Rica Free Trade Agreement - Costa Rica
7. Canada-Honduras Free Trade Agreement - Honduras
8. CIFTA - Canada-Israel Free Trade Agreement - Israel
9. CKFTA - Canada-Korea Free Trade Agreement - South Korea
10. Canada-Peru Free Trade Agreement - Peru
11. CUFTA - Canada-Ukraine Free Trade Agreement - Ukraine
12. EFTA - Canada-European Free Trade Association - Iceland, Liechtenstein, Norway, Switzerland

INTERNATIONALLY – FTAs under negotiation

- Free Trade Agreements (FTAs under negotiation)
 - ASEAN-Canada FTA: Covers Southeast Asian nations such as Indonesia, Malaysia, Thailand
 - Canada-United Kingdom FTA: Negotiations ongoing post-Brexit
 - Canada-Mercosur FTA: Includes Argentina, Brazil, Paraguay, Uruguay

INTERNATIONALLY

- Made in Canada / Product of Canada
- [Trade Accelerator Program \(TAP\)](#) – BC Interior Cohort (Kelowna / Online)
April 2 – May 22 !!
- [2025 World Trade and Investment Day](#) – Billings, MT, USA, May 7, 2025
Followed by SelectUSA event

SUPPORT RESOURCES AND PROGRAMS

FEDERAL GOVERNMENT SUPPORT RESOURCES AND PROGRAMS 1/2

Announcement March 7, 2025

- [Export Development Canada \(EDC\)](#) Trade Impact Program ([quick assessment tool](#)) - will deploy \$5 bb over two years, to help exporters reach new markets for Canadian products and help companies with losses from non-payment, currency fluctuations, lack of access to cash flows, and barriers to expansion.
- [Business Development Bank of Canada \(BDC\)](#) Pivot to Grow Loan - will deploy \$500 mm in favourably priced loans for impacted businesses in sectors directly targeted by tariffs, and companies in their supply chains. [Trade Resilience](#) advisory services in areas such as financial management and market diversification.

FEDERAL GOVERNMENT SUPPORT RESOURCES AND PROGRAMS 1/2

Announcement March 7, 2025

- [Farm Credit Canada \(FCC\)](#) Trade Disruption Customer Support program – FCC will provide \$1 billion in new financing to reduce financial barriers for the Canadian agriculture and food industry; to help address cash flow challenges to adjust to a new operating environment.
- The [EI Work-Sharing Program](#) introduces temporary flexibility to increase access and maximum agreement duration. It provides EI benefits to employees who agree with their employer to work reduced hours due to a decrease in business activity beyond their employer's control.

PROVINCIAL GOVERNMENT SUPPORT RESOURCES AND PROGRAMS

Announcement scheduled for March 19, 2025 from 4pm – 6pm in Kelowna

OTHER NOTABLE SUPPORT RESOURCES & PROGRAMS & HANDOUTS

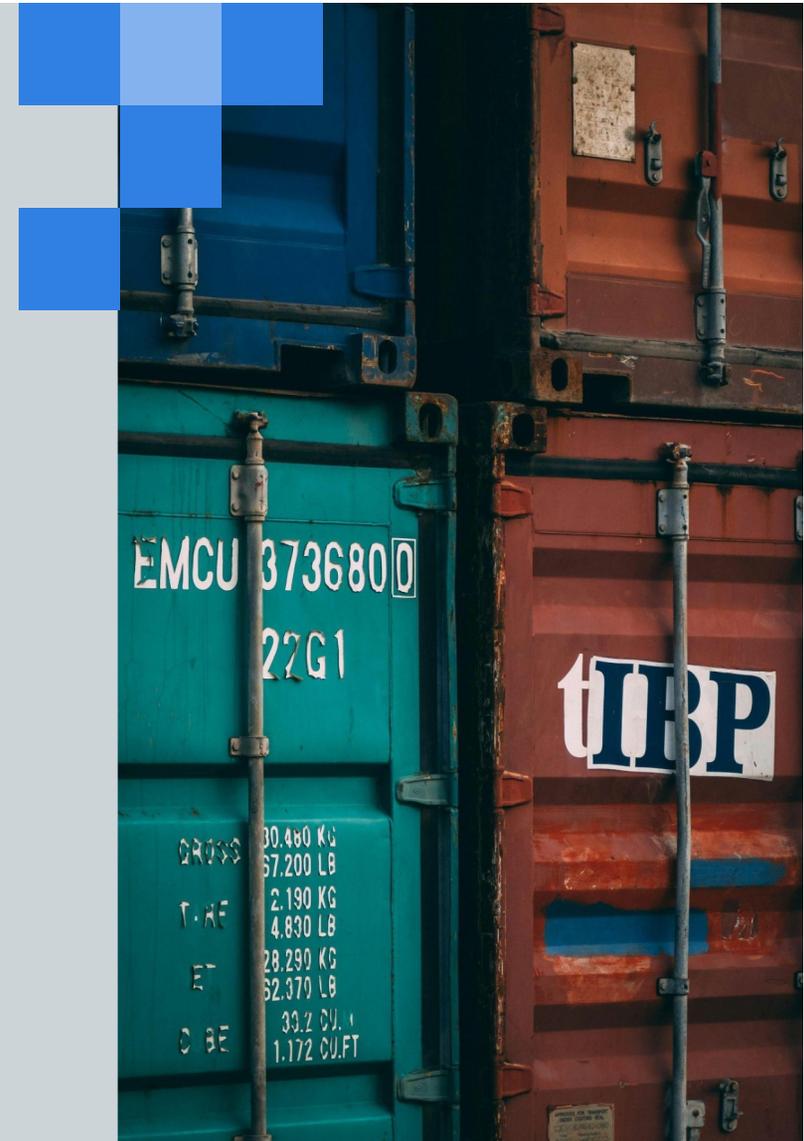
- [Business Scale-up Productivity \(BSP\)](#) in British Columbia, info session on March 19, 2025 at 10am PST – [registration link](#)
- [Export Navigator](#)
- Handouts included with this presentation:
 - Navigating Global Trade & Tariffs Resource Sheet
 - Duty Deferral and Duty Drawback Programs in Canada
 - Assists

An aerial photograph of a scenic coastline. A paved path follows the edge of a steep, forested cliffside that meets the water. The water is a deep blue-green color. In the lower right, a small white lighthouse with a red band is situated on the path. The text 'Export Navigator' is overlaid in white, with a stylized arrow pointing to the right inside the letter 'x'.

Export Navigator

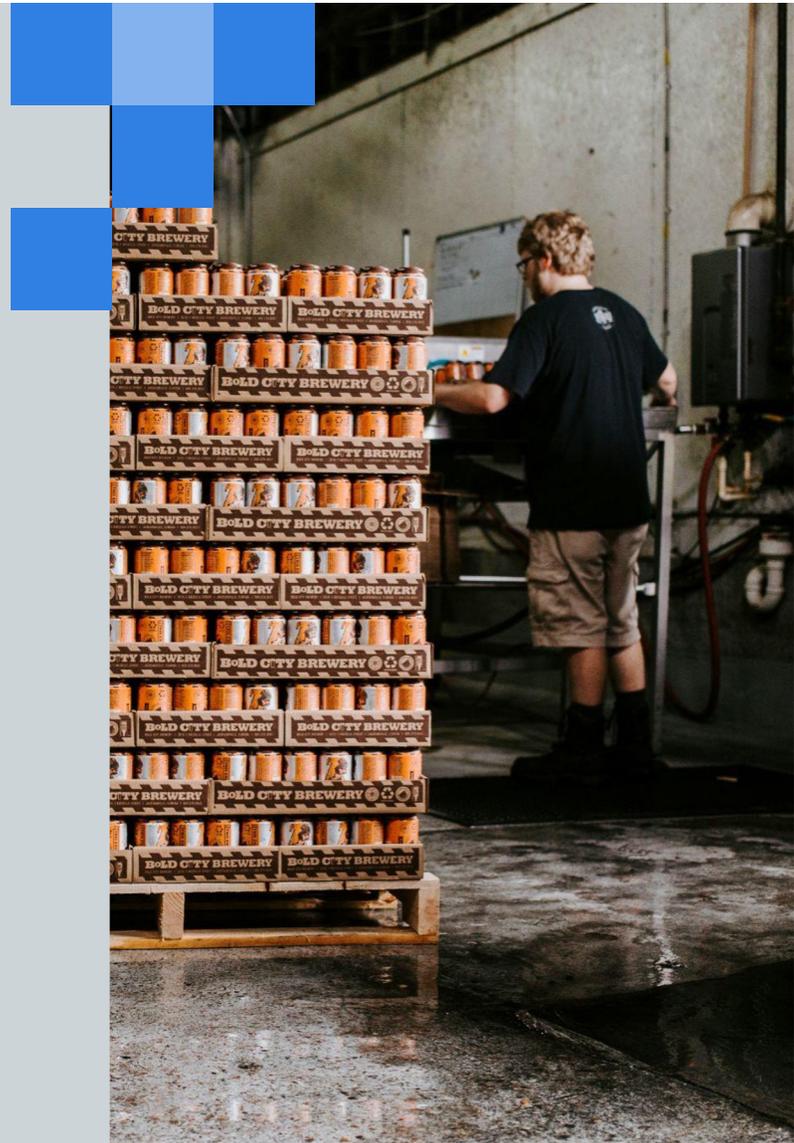
HOW EXPORTING HELPS BUSINESSES?

- Diversify Markets
- Develop Business Resiliency
- Seek New Innovations



FREE SERVICES TO ACCEPTED BUSINESSES:

- Hours of free expert advice
- Step-by-step guidance at your pace
- Business strategy and growth planning



WHAT DOES EXPORT NAVIGATOR DO?

We help B.C. businesses grow by guiding them through the export process.

1200+

**Businesses
Supported**

3200+

**Referrals To
Organizations**

4000+

**Webinar
Attendees**

TECHNICAL SPECIALIST PILOT PROGRAM

Access a network of service providers for FREE, discipline-specific advice.

- Matched to your needs
- Professional guidance
- 1-5 hours of consultation



TECHNICAL SPECIALIST PILOT PROGRAM

The areas of expertise include those commonly needed by new exporters to plan and prepare to enter new international markets.

- Marketing and Branding Consulting
- Regulatory and Compliance Advisory Services
- E-Commerce and Operations Management Consulting
- International Legal Services
- International Accounting and Financial Services
- Logistics, Freight and Shipping Advisory Services
- Market Research

Stage 1 Awareness



Stage 2 Planning



Stage 3 Market Entry



Stage 4 Market Development and Growth



CLIENT STORY



What began as a personal project has now resulted in a thriving business. Popov Leather, a Nelson-based company, now has 22 full-time employees.

- \$3.2 M in export revenue
- Selling in the U.S., Australia, U.K., and South Korea.

Popov Leather
Nelson, B.C.



"Export Navigator gave us continuity as we make enormous personal and professional change with growth and export in mind."

Stoke the Fire Hotsauce
Cawston, B.C. (previously Revelstoke)

Michael Hoher

KOOTENAY BOUNDARY

Michael's hands-on approach to export advising is informed by his career in international business, and as a business owner himself – he's overcome many of the challenges that you may currently be facing! Michael has been successful in the export world for over 20 years and businesses of all sizes have benefited from his expert guidance; from solopreneurs new to exporting, to family-run businesses, to large international corporations. Michael enjoys assisting enterprises of all sizes and encourages you to reach out so that he can help you on your export journey.



Thank You

CONTACT

michael@exportnavigator.ca

www.exportnavigator.ca



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