# USW FACT SHEET ON THE NEW TRUMP TARIFFS

FIGHTING BACK AGAINST TRUMP TARIFFS

UNITED STEELWORKERS USW MÉTALLOS

### *What are tariffs?*

1. A tariff is a tax imposed by the government on goods being imported to or exported from a country. On goods coming into the country, the importer (whether it be a business, organization or level of government) is responsible for paying the tariff. In Canada, the Canada Border Services Agency (CBSA) is the government agency responsible for collecting tariffs on goods imported into Canada.

### *Why are tariffs used?*

There are three main reasons to use tariffs:

1. Raise revenue: Governments historically used tariffs to generate revenue. This has become less common with the rise of income taxes and other sources of financing.
2. Industrial policy: Governments can use tariffs to protect their domestic producers from foreign producers who engage in unfair trade, such as the dumping of their excess goods or the subsidization of goods by their governments. Tariffs can also be an effective tool used to encourage the growth of domestic industries that have been identified by governments as key to the nation's well-being and sovereignty.
3. Negotiating or diplomatic tool: Tariffs, or the threat of tariffs, can also be used as a negotiating tactic, or leverage, to extract some desired change in the behaviour of another country.

### U.S. tariff threat

On Feb. 1, 2025, the President of the United States Donald Trump threatened to implement a 25% tariff on all imports from Canada except energy resources, including critical minerals, which would be subject to a 10% tariff. These tariffs were originally to take effect on Feb. 4, 2025, but were postponed until March 4, 2025.

On Feb. 10, 2025, the president of the United States issued a proclamation imposing an additional 25% tariff on Canadian steel and aluminum finished and derivative products to take effect March 12, 2025.

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## Trade facts

We need to think about trade between Canada and the U.S. as largely involving the trade of intermediate products that are going to be used in the further production of final goods, and NOT so much as the trading of final goods themselves. This means that tariffs will have a disproportionate impact, by raising costs and upending supply chains, on U.S. and Canadian producers and workers than would otherwise be the case.

- The Canada-U.S. economy is deeply integrated, with $20 billion worth of steel traded between the two countries every year.
- Thirty-nine percent of Canadian steel imports came from the U.S., while 94% of Canadian exports went to the U.S. market and American manufacturers rely heavily on Canadian steel to run their operations. In 2024, Canada exported $15.9 billion worth of aluminum to the U.S., making it by far the largest supplier to U.S. industries, and imported $4.1 billion, supporting thousands of jobs across the border.
- In 2023, 21% of Canadian exports to the U.S. were final goods; the rest were intermediate inputs or capital goods. Twenty-five per cent of U.S. exports to Canada were final goods to be consumed, while the rest were intermediate and capital goods – proof of the integrated production process and supply chains between the two countries.
- Roughly 50% of all two-way merchandise trade between Canada and the U.S. involves firms exporting to "related parties" in which they have an ownership stake. In other words, nearly half of the trade can be considered intra-firm trade, once again demonstrating the integrated production processes across the two jurisdictions.
- In 2019, 12% or $38 billion of the value of Canadian exports to the U.S. consisted of value-added by U.S.-based producers. In other words, U.S. producers made inputs that were exported to Canada where they were transformed into other products by Canadian firms and then re-exported back to the U.S. The Canadian value-added embedded within U.S. exports is around $20 billion. [1]

## How is the USW responding?

Our union is taking a binational approach, working closely with leaders in the U.S. to make a case for support for Canadian workers and keeping our important historic trade relationship with our American neighbours. At the same time, we are pressing all levels of government here in Canada, particularly the federal government, for supports for workers who may be laid off because of the tariffs – including wage subsidies and a more flexible Employment Insurance program, subsidies for industries that are impacted as well as prioritizing domestic procurement and safeguards for key sectors.

Across the country, the union is also working hard to stay on top of any changes so that members are supported as the situation evolves. While pushing for strong supports for workers and affected industries, the union is also working to put an end to these reckless tariffs.

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[1] Trevor Tombe and the Canadian Chamber of Commerce, "Partners in Prosperity: Exploring the Significance of Canada-U.S. Trade," October 2024