

# Thriving amid tariff shifts

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As we move through 2025, Canada's trade landscape remains volatile. Despite a brief reprieve following discussions between Prime Minister Trudeau and President Trump, the threat of renewed tariffs continues to loom over corporate Canada. While diplomatic efforts have provided temporary relief, businesses must stay proactive—policy shifts in the coming weeks could still bring significant disruptions.

Ongoing global tensions with China, the pending review of the Canada-United States-Mexico Agreement (CUSMA) and a reinforced "America First" approach under a renewed Trump administration signal an uncertain environment for Canadian companies. Potential countermeasures from Canada and other trading partners could further strain supply chains, increase operational costs and reshape the cross-border trade dynamic.

These changes extend across industries, affecting exporters and importers alike. The effectiveness of traditional tariff mitigation strategies may diminish under a more protectionist U.S. stance, requiring businesses to adopt forward-thinking strategies, build stronger supply chain resilience and engage with experienced trade counsel.

## Key areas of concern for businesses

### Reassessing supply chains

The risk of new tariffs—whether sector-specific or broad-based—means that established supply chains could become economically unfeasible. U.S. buyers may increasingly seek domestic alternatives, forcing Canadian exporters to reassess their positioning. Suppliers of critical inputs integrated into U.S. manufacturing may still find opportunities to maintain market access, but must take proactive measures to secure these relationships.

### Managing risks in supply and distribution agreements

Uncertain trade policies create pricing volatility, impact lead times and disrupt contractual obligations. Canadian exporters must proactively evaluate their agreements and partnerships to ensure long-term stability and continued access to key markets.

## Approaches to tariff mitigation

While tariff engineering, product reclassification and alternative sourcing remain **potential strategies**, they require careful execution. Given the U.S. administration's increased scrutiny of tariff circumvention, businesses must ensure compliance with all legal frameworks and seek guidance on the most viable paths forward.

## Dealing with retaliatory tariffs

Should the U.S. impose tariffs, Canadian countermeasures—and those from other trading partners—could further complicate export markets. Navigating these retaliatory environments requires strategic risk management and forward-looking planning.

## "Fortress America" and strategic alliances

A protectionist U.S. stance could incentivize reshoring, altering historical trade dynamics. However, Canadian firms providing critical manufacturing inputs may still find opportunities to deepen their role in U.S. production ecosystems and forge stronger strategic alliances to solidify their presence in the market.

## Customs compliance and risk mitigation

Regulatory compliance is now a key competitive factor. Non-compliance risks penalties, **supply chain disruptions and reputational harm—issues that Canadian businesses must avoid at all costs.** Understanding evolving trade policies and proactively addressing compliance requirements will be essential.

## Your ambition. Our advice.

Navigating shifting U.S.-Canada trade policies requires proactive planning, informed decision-making and strategic execution.

Our [International Trade & Investment](#) team is here to help you adapt to evolving tariff landscapes, optimize supply chains and leverage remission frameworks.

Whether you seek to refine compliance programs, develop nearshoring strategies or anticipate regulatory changes, we are ready to assist.

Contact us today to discuss how these anticipated changes may impact your business and to develop a tailored plan that ensures your continued success.

By

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