



# Navigating Tariffs

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# Potential tariff measures

*“To me, the most beautiful word in the dictionary is 'tariff.' It's my favorite word.” – President-Elect Donald Trump*

<p><b>What (Why)?</b></p>	<p>Tariffs: 25% on all goods from Canada/Mexico (border/fentanyl); additional 10% on all goods from China (fentanyl)          Tariffs: 10% global tariff on all imported goods (level the playing field)          Tariffs: 100% tariff on goods from BRICS countries (U.S. dollar workaround/currency rival)</p>	
<p><b>How?</b></p>	<p><b>President Trump’s first term levers:</b></p> <ul style="list-style-type: none"> <li>• Section 201 of the Trade Act of 1974 → “Safeguarding measures”</li> <li>• Section 232 of the Trade Expansion Act of 1962 → “National security risk”</li> <li>• Section 301 of the Trade Act of 1974 → “Unfair trade practices”</li> </ul>	<p><b>Additional levers:</b></p> <ul style="list-style-type: none"> <li>• International Emergency Economic Powers Act (“IEEPA”) → “National emergency”</li> <li>• Section 122 of the Trade Act of 1974 → “Balance-of-payments”</li> <li>• Section 338 of the Tariff Act of 1930 → “Discrimination by foreign countries”</li> <li>• Congressional action/legislation</li> </ul>
<p><b>When?</b></p>	<p><b>Shorter timelines to implement (within 100 days):</b></p> <ul style="list-style-type: none"> <li>• Section 301 on China*</li> <li>• IEEPA: President declares “national emergency”</li> <li>• Section 122</li> <li>• Section 338</li> </ul>	<p><b>Lengthier timelines:</b></p> <ul style="list-style-type: none"> <li>• Section 232: Commerce must confirm “national security risk”</li> <li>• Section 301: US Trade Representative (“USTR”) must confirm “unfair trade practice”</li> </ul>
<p><b>Who? (nominees)</b></p>	<p><b>Howard Lutnick, Commerce Secretary</b></p> <ul style="list-style-type: none"> <li>• Former financial institution CEO</li> <li>• Section 232 investigations / reporting from USTR</li> </ul> <p><b>Scott Bessent, Treasury Secretary</b></p> <ul style="list-style-type: none"> <li>• Former hedge fund partner</li> <li>• Trade sanctions regime</li> </ul>	<p><b>Jamieson Greer, US Trade Representative</b></p> <ul style="list-style-type: none"> <li>• Previously served as Chief of Staff to USTR in President Trump’s first term</li> <li>• Section 301 investigations / USMCA / FTAs</li> </ul> <p><b>Peter Navarro, Senior Counselor for Trade and Manufacturing</b></p> <ul style="list-style-type: none"> <li>• Former Director, WH National Trade Council in President Trump’s First Term</li> <li>• Will advance manufacturing, tariff, and trade agendas</li> </ul>

# Steel and Aluminium



## International Emergency Economic Powers Act (IEEPA)

Effective March 4, 2025

25% on **all goods of Canadian origin**

10% on Canadian energy

...”The rates of duty established by this order are in addition to any other duties, fees, exactions, or charges applicable to such imported articles...”

**No drawbacks allowed**

**USMCA qualified goods exempt as of March 6, 2025 until April 4, 2025**

Reason: National Emergency

## Section 232, Trade Expansion Act of 1962

March 12, 2025

25% on **steel and aluminium from all countries**

**Additional 25% announced March 11, 2025**

“...these rates of duty, which are in addition to any other duties, taxes, fees, exactions, and charges applicable...”

**No drawbacks allowed**

Reason: National Security Threat

25%



25%  
50%



# March 12, 2025

## Hot Off the Press:

WASHINGTON — The federal government will impose 25 per cent tariffs on U.S. goods worth \$29.8 billion in retaliation for the 25 per cent tariffs on steel and aluminum the administration of U.S. President Donald Trump imposed today.

The dollar-for-dollar tariffs will take effect at 12:01 ET Thursday.

Finance Minister Dominic LeBlanc says the tariffs are in addition to 25 per cent tariffs Canada imposed on \$30 billion in imports from the United States earlier this month.

LeBlanc says the new levies target \$12.6 billion in steel products and \$3 billion in aluminum products.

The counter-tariffs will also apply to other products, including computers, sports equipment and cast iron goods.

Source: CTV News [Canada to impose 25% tariffs on \\$29.8B in U.S. goods Thursday – CTVNews](#)





- **March 5, 2025**

Exemption for automotive manufacturers and the parts required to make new cars.

The cars and parts must qualify for the US, Mexico, Canada free trade agreement (USMCA) to avoid the 25% tariffs.





March 6, 2025

The US has waived tariffs on goods from Mexico & Canada that qualify for CUSMA until April 2, 2025





# March 11, 2025

Trump adds another 25% to tariff on Canadian Steel and Aluminum effective March 12, 2025.

The U.S. imports more steel and aluminum from Canada than any other country.

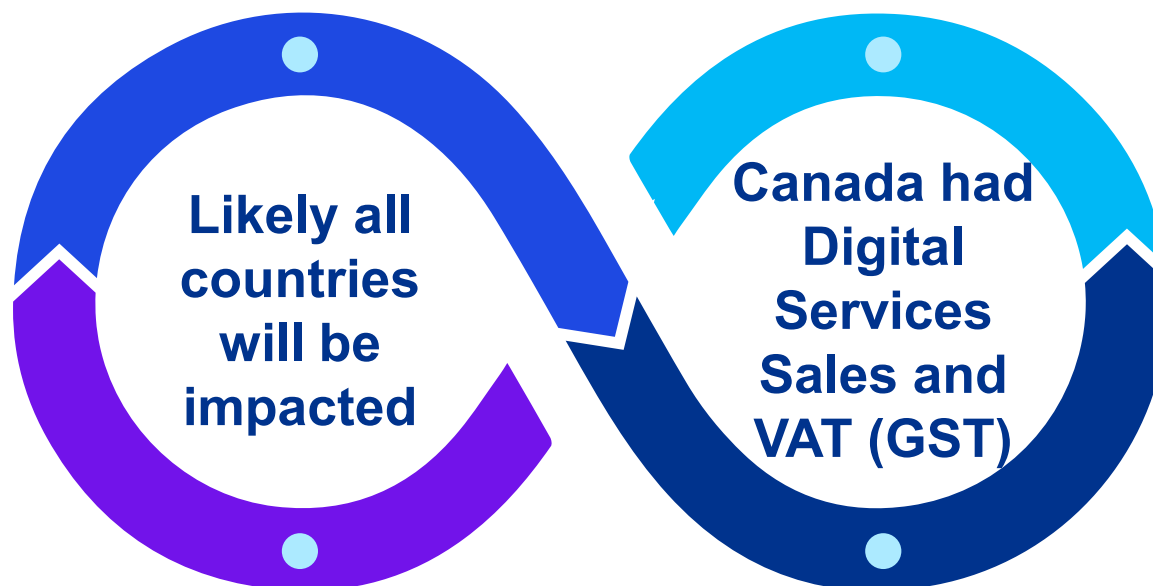


# Reciprocal Tariffs: Not Much Known at the Moment

Announced February 13, 2025

Effective April 2, 2025

Immediate focus on EU, Japan, South Korea and China, but Canada will also be impacted



“...whatever Countries charge the United States of America, we will charge them.” Donald Trump

Source: [What Are Reciprocal Tariffs? Trump Unveils 'Big' Tariff Move—As Economists Warn About Inflation](#)



# Canada Retaliates – 2 Lists

**\$30  
Billion**

**25% Tariff**

- Orange juice and many food items
- Bathtubs, sinks, toilets, and related items
- Floor coverings and various other plastics
- Wood from a wide range of trees for various uses, particleboard, fiberboard, plywood, joinery and carpentry items, wood pulp
- Cartons, boxes and other packing containers
- Carpets and other floor coverings
- Plant and laboratory equipment
- There are 1,256 items in the first tranche of tariffs

**\$125  
Billion**

**25% Tariff**

- Passenger vehicles
- Trucks, including electric vehicles,
- Steel and aluminum products
- Certain fruits and vegetables
- Aerospace products
- Beef, pork, dairy
- Trucks and buses
- Recreational vehicles
- Recreational boats.
- Full list was released March 4<sup>th</sup>
- 4400+ tariff items

*[Determination of Country of Origin for the Purposes of Marking Goods \(CUSMA Countries\)](#)*

# Canada's Free Trade Agreements



15 FREE TRADE AGREEMENTS



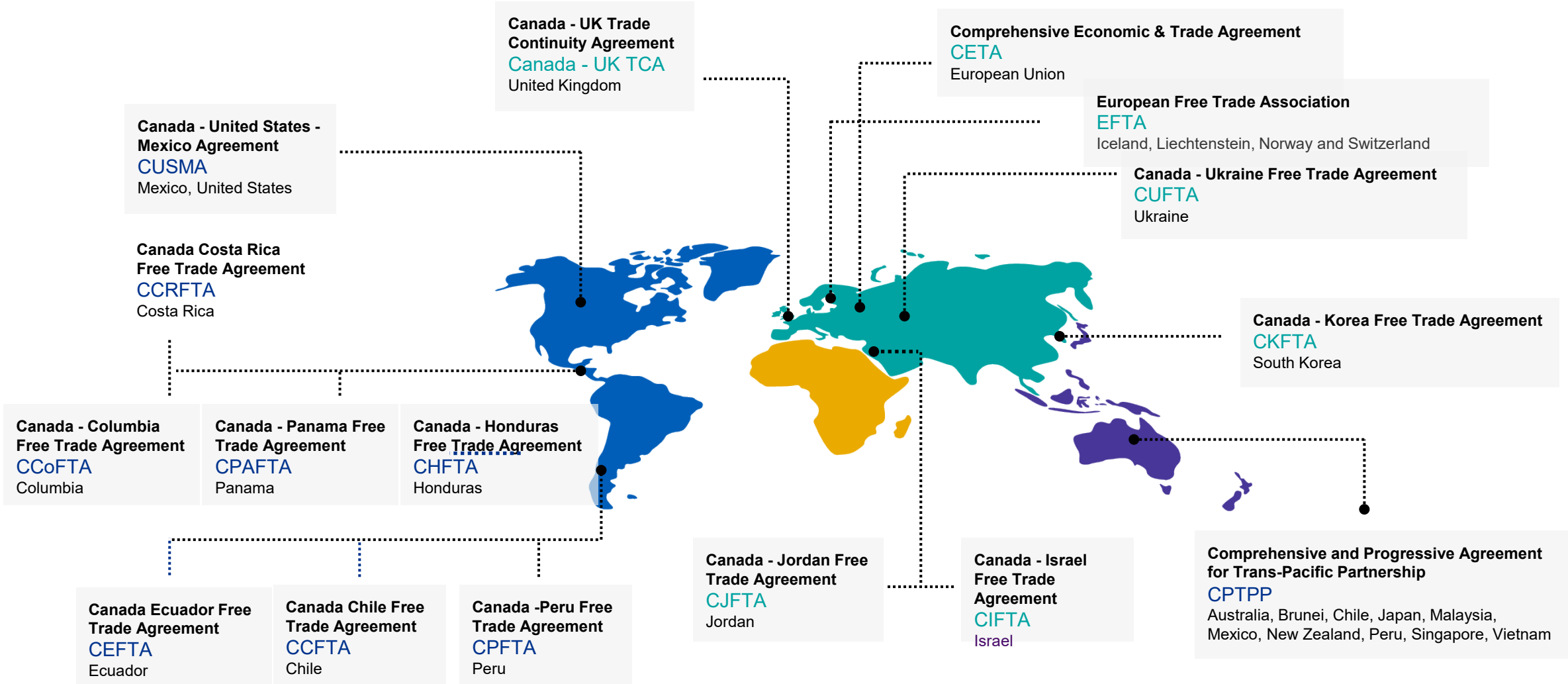
51 COUNTRIES



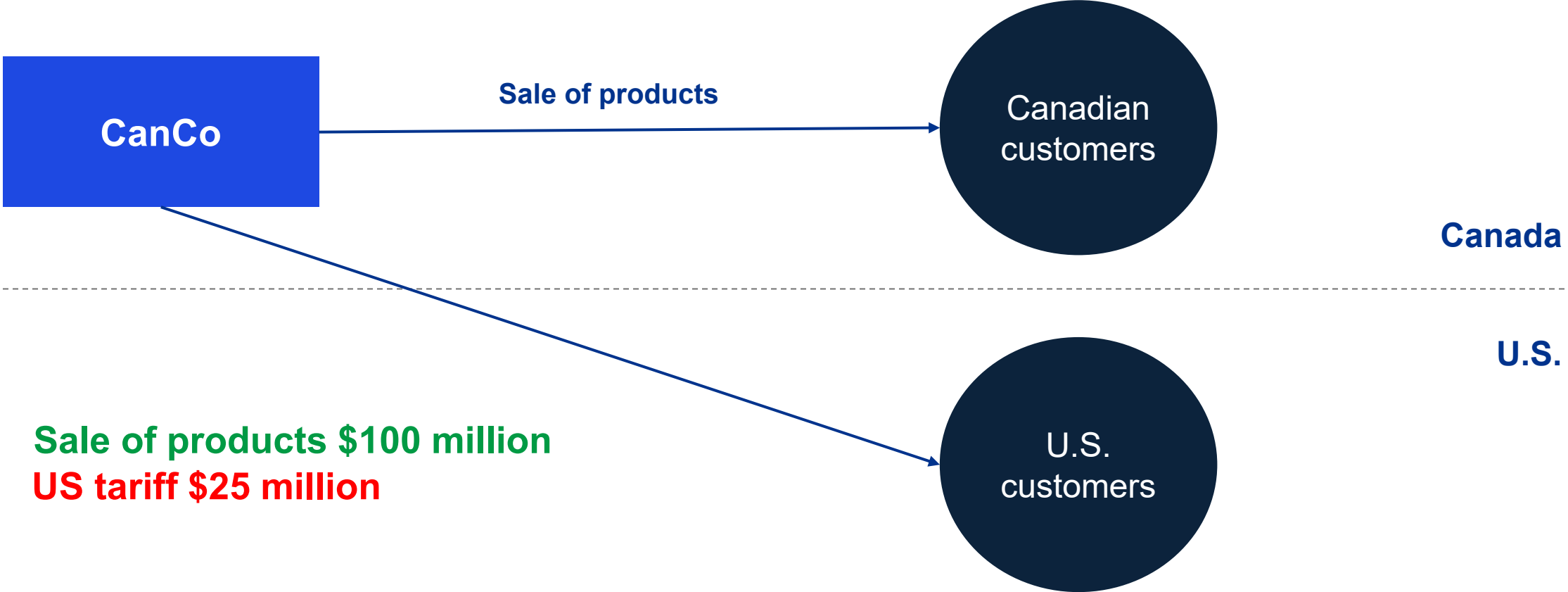
1.5 BILLION CONSUMERS



60% OF THE WORLD'S GDP

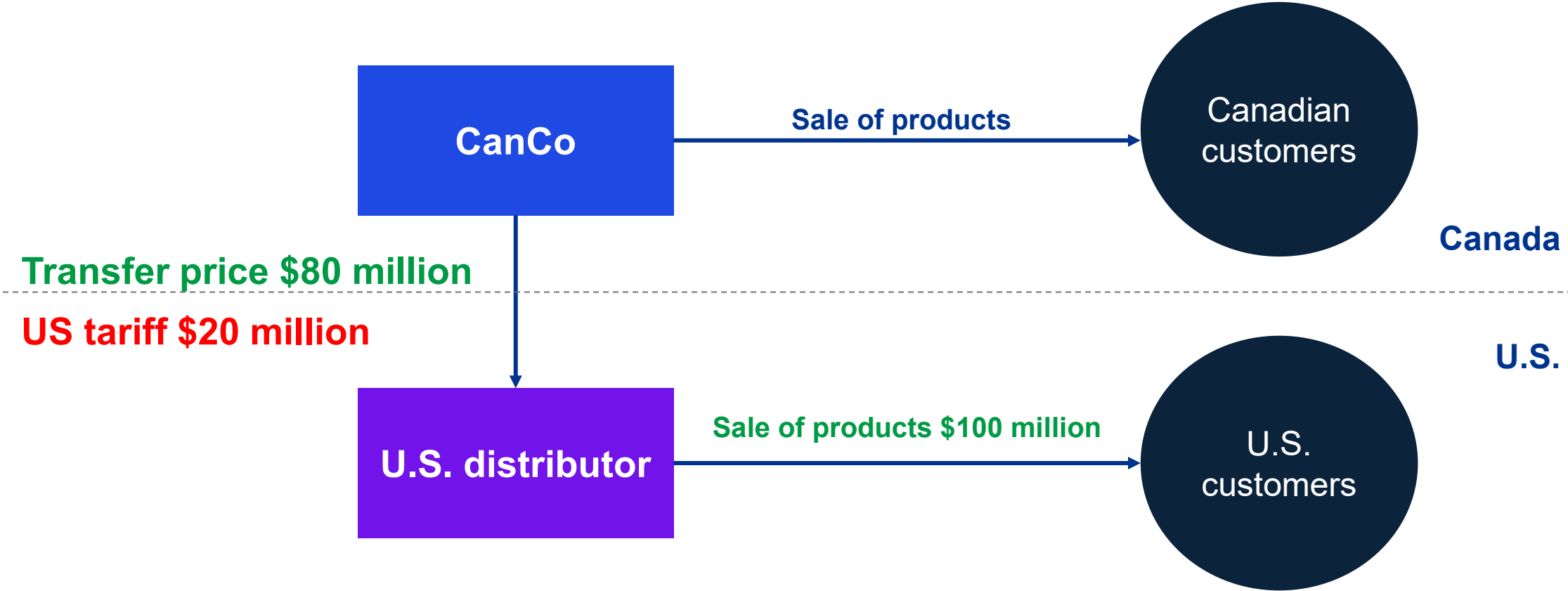


# Direct Sales to US Customers is Common



# Lowering tariffs with transfer pricing

Transfer pricing can be used to lower tariffs by creating a new U.S. distribution entity or lowering the value of existing transfer prices



**The lower the transfer price, the lower the custom valuation, the lower the tariff**

# Potential transfer pricing options



Establish a U.S. distributor or contract manufacturer



Fine tune existing transfer pricing policies – ensure all intercompany services are paid separately



Change payment and delivery terms



Use transfer pricing structures that rely on U.S. customs First-Sale rule



Joint transfer pricing/customs advanced pricing agreements (APAs)

# First sale requirements summary

<b>Bona Fide Sale</b>	Circumstances and documentation demonstrate that there is an exchange of goods for consideration between a seller and buyer (taking on risk of loss and ownership of goods)
<b>Clearly Destined for Export</b>	The goods must be clearly destined for exportation to the U.S. at the time of sale (i.e., no contingency of diversion to another country at the time of export)
<b>Arm's Length Price</b>	Importer must substantiate that the manufacturer's prices to a related middleman are at arm's length (sales to unrelated parties are assumed to be at arm's length)
<b>Full Documentation &amp; Recordkeeping</b>	The importer must present to U.S. Customs, and make available upon request, all documentation that supports the above requirements and clearly establishes the role and purpose of each party in the transaction



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