

Voluntary Report – Voluntary - Public Distribution

Date: March 05, 2025

Report Number: CA2025-0015

Report Name: Canada Implements Retaliatory Measures in Response to United States Tariffs

Country: Canada

Post: Ottawa

Report Category: Policy and Program Announcements, Trade Policy Monitoring, Wine

Prepared By: Aurela Delibashi and Mihai Lupescu

Approved By: Mary Ellen Smith

Report Highlights:

On March 4, 2025, Canada implemented a 25 percent tariff on an initial tranche of over \$20 billion in imports of goods from the United States, including \$5.5 billion worth of agricultural products. The list of products is expected to expand on March 25, 2025, to cover a second tranche of an additional \$86 billion worth of imports.

On March 4, 2025, Canada published the [United States Surtax Order \(2025-1\)](#) with countermeasures on imports of goods from the United States. The Order includes a [list of tariff lines](#) that are now subject to a [25 percent surtax](#) (tariff on imports), amounting to over \$20 billion¹ in imports from the United States.

According to a [statement](#) by Prime Minister Trudeau, on March 25, 2025 the list of impacted products could be expanded to cover an additional \$86 billion in imports from the United States. In a separate [press release](#), the federal government also announced the [list of goods](#) that could become subject to a 25 percent tariff on March 25, 2025; this list is currently subject to stakeholder consultations, as the intent is to narrow it down over the next 21 days. Canada's countermeasures are meant to minimize the impact on Canadian businesses and consumers on the assumption that taxing imports also hurts domestic stakeholders.

Among the products covered by Canada's retaliatory list announced on March 4, 2025, there are agricultural commodities and processed food products amounting to \$5.5 billion in U.S. exports to Canada. Products were carefully selected to ensure that substitutes can be sourced domestically, or from other foreign suppliers. For dairy, poultry and egg products, the list currently covers mostly the "over access commitments" tariff lines, which are normally subject to prohibitively high over-quota tariffs. Trade in these products typically occurs under the "within access commitment" tariff lines, which are associated with Canada's tariff rate quotas (TRQs) where goods enter the country duty free, under limited quantities. It is expected that the second retaliatory list (to be implemented on March 25, 2025), would include the "within access commitment" tariff lines as well, so that imports under TRQs would also be subject to the 25 percent surtax.

In 2024, Canada was the second largest export market for U.S. exports of agricultural products valued at \$28.4 billion. Of this total, nearly \$21 billion were exports of high value consumer-oriented foods.

Provincial Liquor Boards Response to Recent Tariffs

In addition to the federal government response, various provincial governments also instituted countermeasures in reaction to U.S. tariffs on Canadian exports. Among these measures, several provincial governments instructed their respective Liquor Boards to remove U.S. alcoholic beverages from their shelves, and to prohibit the wholesale of such beverages to groceries, corner stores, bars, and restaurants, as follows:

- **Liquor Control Board of Ontario (LCBO):** The LCBO is [immediately halting](#) the purchase of all U.S. products. All U.S. spirits, wine, beer, ready-to-drink beverages, and non-alcoholic items will be removed from LCBO retail locations and wholesale catalogues. While Ontario-based retailers may continue to sell any existing U.S. stock, they will no longer be able to purchase additional U.S. products from the LCBO.
- **British Columbia Liquor Distribution Branch (BCLDB):** The B.C. government is [reinstating](#) previously announced measures, including directing the BCLDB to halt the purchase of American liquor from "red states" and removing "red state" brands from the shelves of public liquor stores.
- **Société des alcools du Québec (SAQ):** The government is [instructing](#) the SAQ to remove all American products from its shelves, including wines and all other alcoholic beverages currently

¹ To convert from Canadian dollars to U.S. dollars we used an exchange rate of 1.45 CAD to 1.00 USD.

sold in its stores and online. Additionally, the SAQ has been directed to cease supplying American alcoholic beverages to grocery stores, agencies, bars, and restaurants.

- **Nova Scotia Liquor Board (NSLC):** The provincial government has directed NSLC to immediately remove all U.S. alcohol products from their shelves, effective March 4, 2025. In [a statement](#), the NS Premier emphasized that this measure is effective, significantly impacting American producers who rely on Canadian markets.
- **New Brunswick Liquor Board (ANBL):** Premier Susan Holt announced measures that [include removing all U.S. alcohol](#) from NB Liquor shelves and halting the purchase of any alcohol from south of the border.
- **Manitoba Liquor Board:** Manitoba Premier Wab Kinew [announced](#) that alcoholic products are being removed from the shelves of provincial liquor stores.
- **Newfoundland and Labrador Liquor Corporation (NLC):** Premier Andrew Furey [instructed](#) the NLC to remove U.S. alcoholic products from their shelves, and to support local and Canadian-made products where possible.

In 2024, the United States exported \$435 million worth of wine, \$221 million in distilled spirits, and \$41 million in beer to Canada, making it the United States' top alcohol export market.

FAS/Canada continues to monitor this situation and will report on relevant information as it becomes available.

Attachments:

No Attachments.