

CUSTC Meeting Minutes

Date: March 7, 2025

Time: 12:00 PM – 1:30 PM

Location: Virtual Meeting

Agenda:

- Presentation by Steve Verheul, Principal, gt&co
- Q&A/Commentary Period
- Observations from Counsellors and Post-Presentation Discussion
- CUSTC Business

Presentation by Steve Verheul

- The IEEPA pause remains in place for one month, but the legal text does not indicate a set end date. The US administration's rapid implementation of ambitious tariff plans is creating significant internal disruption. The 25% tariffs are ten times larger than the average US tariff rate and will pose significant economic disruption.
- Increased tariffs will push companies to seek suppliers outside the US and North America and will result in job losses and price increases. The US administration shows limited understanding of these impacts.
- Steel and aluminum tariffs set for March 12 will likely move forward despite the US's inability to meet domestic demand, leading to higher costs and industry disruption in the US. Plus, Canada will retaliate.
- April 1st: the America First Trade policy could impose reciprocal tariffs on up to \$3M tariff lines, posing massive administrative challenges and likely ending US participation in the WTO. Canada's GST and other value-added taxes are anticipated to face US scrutiny.
- The best way to stop US tariffs is the fact that their extreme measures will harm the US economy— causing economic disruption, stock market drops, and criticism from US business leaders. This makes the current approach hard for the US to sustain.
- The larger concern is if the US shifts to raising tariffs gradually instead of all at once. A slower approach would cause less disruption and give US businesses time to adjust and increase local production. However, if the US sticks to the sudden, extreme approach, Canada could benefit from the negative impacts the US will face along with backlash from other allies.

- Growing anti-US sentiment in Mexico and Canada, coupled with a shift toward diversifying trade partners, is accelerating.

Discussion

- Legal challenges against US emergency measures are anticipated but may be circumvented by the administration. The administration is expected to find alternative ways to move forward if legal actions succeed.
- Short-term export documentation requirements are in effect until April 2, creating uncertainty.
- Potash tariffs were flagged as particularly nonsensical given Canada's exclusive supply. The confusion stems from the US administration's rushed approach.
- Rumour that US reciprocal tariffs could include different rates for different countries based on subjective criteria, adding further confusion. US trade offices are severely understaffed, contributing to disorganized policy implementation.
- Advocacy efforts in partnership with Mexico could be effective, and continued outreach is encouraged. There are calls to flood public discourse with opinion pieces and legal challenges to pressure the US administration.
- Political instability in Canada is weakening its negotiating position. Efforts should prioritize leveraging Canada's critical role in supply chains to apply pressure on US officials. Additional efforts should be made to reach and educate American consumers.

Meeting Adjourned: 1:30 PM