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US and Canadian Tariffs Hit Hard and Fast Beginning February 4, 2025

Brenda C. Swick, Orlando E. Silva, Aditi Mallavarapu

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The United States has made good on its promise to impose a 25% tariff on most Canadian imports (10% on energy resources) and as expected, Canada has responded in kind with retaliatory tariffs of its own of 25% on United States imports. Additional tariffs and counter tariffs are expected in the coming weeks and months.

US Tariffs

On February 1, 2025, President Trump issued an executive order entitled [Imposing Duties to Address The Flow Of Illicit Drugs Across Our Northern Border](#) (EO), directing the United States to impose additional tariffs on imports from Canada, Mexico, and China to take effect February 4, 2025. Effective 12:01 am on February 4, 2025, the EO imposes:

- An additional 25% *ad valorem* rate of duty on imports from Canada.
- Canadian energy or energy resources (crude oil, natural gas, lease condensates, natural gas liquids, refined petroleum products, uranium, coal, biofuels, geothermal heat, the kinetic movement of flowing water, and critical minerals like non-fuel mineral, element, substance, or material designated as critical by the Secretary of the Interior) exports will face a 10% tariff instead.
- No duty drawback will be available on the tariffs, i.e., duties paid on the import of these goods will not be refunded even if they were imported for subsequent exportation.
- The tariffs will remain in effect until the President decides to remove them.
- The orders state that the President may raise the tariffs further if Canada, Mexico, and China retaliate.

Canadian Retaliatory Tariffs

In response, the Government of Canada is imposing retaliatory tariffs on imports worth \$155 billion from the United States in two phases.

First Phase: The Government of Canada issued the [United States Surtax Order \(2025\)](#) directing the imposition of additional tariffs on imports from the United States to take effect February 4, 2025. Effective

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12:01 am on February 4, 2025, the [United States Surtax Order \(2025\)](#) imposes:

- An additional 25% *ad valorem* rate of duty on imports worth \$30 billion from the United States:
 - The new tariffs will apply to the value for duty of goods that originate in the United States that are classified under any of the tariff items set out in the schedule. These include products such as orange juice, peanut butter, wine, spirits, beer, coffee, appliances, apparel, footwear, motorcycles, cosmetics, and pulp and paper.
 - Duty drawback will be available on the surtaxes, i.e., surtaxes duties paid on the import of these goods will not be refunded if they are imported for subsequent exportation.

Second Phase: The Government also announced that it intends to impose tariffs on an additional list of imported United States goods worth \$125 billion, bringing the retaliatory tariffs to \$155 billion.

- A full list of these goods will be available shortly for a 21-day public comment period prior to implementation. The list will include products such as passenger vehicles and trucks, including electric vehicles, steel and aluminum products, certain fruits and vegetables, aerospace products, beef, pork, dairy, trucks and buses, recreational vehicles, and recreational boats.
 - Companies should be monitoring the notices issued under the Department of Finance [website](#) to ensure they are able to participate in the consultation process.

Remission Requests

The Government of Canada has [announced](#) a process for remission requests for the tariffs on products from the United States that apply beginning on February 4, 2025. Under specific circumstances, remission allows for relief from the payment of tariffs, or the refund of tariffs already paid.

The Cassels [International Trade Group](#) will continue to monitor these developments and issue alerts to assist businesses in preparing for these uncharted waters that lie ahead.

Trade Turbulence

Webinar

- [Trump Administration's Trade Policies \(including Tariffs\) and What It Means for Canadian Businesses \(02/05/2025\)](#)

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Insights

- [A Temporary Reprieve: US and Canada Agree to 30-day Tariff Implementation Delay](#) (02/04/2025)
- [America First Trade Policy: Not Just US Tariffs! Start Preparing Now for Tariffs and a Host of Other New US Protectionist Measures – After April 1, 2025](#) (01/21/2025)
- [US Threatens 25% Tariff on Canadian Exports in Looming Trade Storm](#) (11/26/2024)

Media

- [Brenda Swick Looks at the North American Trade Policy Review Ordered by US President Donald Trump](#) (01/23/2025)
 - [Brenda Swick Part of “Inauguration and Beyond – Framing the Impacts of the New US Presidency”](#) (01/07/2025)
 - [Brenda Swick Discusses Tariffs with CBC](#) (12/03/2024)
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