US Tariffs Are Coming...Maybe

Float

What Canadian Small Businesses Need to Know

Canadian small and medium-sized businesses (SMBs) are increasingly concerned about new tariffs. Are they actually coming? What goods and services will be impacted? Which industries will be hit hardest? What should we be doing to prepare? And are those preparations a waste of time if the tariffs never arrive?

While many of these questions remain unanswered, starting with the fundamentals can help ground your efforts and keep your business agile in the weeks ahead. Explore key insights on what these potential tariffs could mean, their possible impact on Canadian businesses, and proactive steps SMBs can take to stay ahead.

What is a tariff?

A tariff is a tax imposed by a government on imported or exported goods. Tariffs are typically used to protect domestic industries, generate revenue for the government and influence trade policies. In the case of President Trump's proposed tariffs, think of this as a 25% tax on Canadian imported physical goods going into the US and 10% tax on Canadian energy products.

2025 trade war timeline

Feb 1 — President Trump announced 25% tariffs on Canadian imports, with a 10% rate on energy products

Feb 2 — Canada retaliated with 25% tariffs on $107 billion of U.S. goods, including alcohol and appliances

Feb 3 — Both countries agreed to a 30-day suspension of tariffs to negotiate border security

Mar 3 — Deadline for negotiations if no deal is reached, tariffs will be reinstated

How tariffs work:

US COMPANY IMPORTS CANADIAN GOODS

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COMPANY PAYS 25% TARIFF, PLUS ORIGINAL COST, TO THE US GOVERNMENT

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- INCREASED COST FOR IMPORTERS → HIGHER PRICES FOR CONSUMERS
- REDUCED DEMAND FOR IMPORTED GOODS → INCREASED DEMAND FOR US DOMESTIC PRODUCTS
- US GOVERNMENT COLLECTS REVENUE

How will proposed US tariffs impact SMBs?

Short-term

- Higher costs on imported goods and materials
- Price increases to offset rising production expenses
- Supplier negotiations to manage cost impacts
- Streamlined operations and more automation to reduce expenses

Long-term

- Diversified supply chains with local or non-US suppliers
- More nearshoring or bulk purchasing to control costs
- Strengthened local partnerships and prioritized Canadian vendors
- Increased need for innovation and strategic growth

4 ways small businesses can get ready for a tough economy

1. Prepare for an extended period of economic uncertainty

Do a thorough review of your costs and cut out anything that isn't essential. This could mean renegotiating supplier contracts, reducing subscriptions or finding more efficient ways to operate.

2. Develop a flexible pricing strategy

This plan should let you adjust prices quickly if costs rise due to factors like tariffs or supply chain disruptions (e.g. tiered pricing models, surcharges for specific products, or just early comms to customers about the potential of a hike).

3. Mitigate tariff risks

Diversify your supply chain, source locally where possible, and explore resources from organizations like Export Development Canada to reduce exposure to tariffs.

4. Consult with experts

Get advice from professionals who can help you navigate economic challenges and optimize your business operations. Consider reaching out to the Canadian Development Bank (CDB) for financial guidance or partnering with an accounting firm—such as PwC—for more tailored advice.

Helpful Resources

- Canada Border Services Agency Tariff Services and Information
- Export Development Canada (EDC) Contact Page
- Canadian Chamber of Commerce Directory
- PWC Tariffs and Trade Policy Resource Centre

Float's commitment to Canadian SMBs

Float is proud to serve thousands of Canadian SMBs, providing financial tools to help them navigate these uncertain times. Whether through improved expense management, more efficient payment solutions, or financial insights that enable smarter business decisions, Float is committed to helping Canadian businesses remain competitive and financially resilient. Find out more at floatfinancial.com.