If asked about investment in Canada, in light of tariffs

- Canada and the U.S. share one of the world's most successful partnerships, built on a foundation of shared history, common values, and strong ties, and are each other's largest trading partners, with deeply integrated economies.
- Safeguarding the strength and success of this partnership remains a top priority for Canada.
- Continuous threat of tariffs by the U.S., risks discouraging investments in the U.S., as investors grow hesitant to allocate more capital into an unpredictable U.S. market.
- Canada is open for business and welcomes foreign investment, and remains a stable and preferred destination for investment, consistently ranked by the Economist Intelligence Unit as 2nd best country in the G20 for doing business over the next five years (2025-2029).
- Among G20 nations, Canada holds the 3rd spot for ease of starting a business and is ranked 5th in the G20 for being one of the least complex jurisdictions for conducting business.
- Canada boasts the most educated talent pool among OECD countries, with 63% of its population aged 25 to 64 having completed tertiary level education.
- With a Global Skills Strategy in place, Canada ensures businesses can attract highly skilled global talent.
- Canada had the second-largest foreign direct investment (FDI) stock to GDP ratio among G20 countries in 2023. Of the 25 countries included in the Kearney FDI Confidence Index, a measure of the likelihood of a market attracting investment in the next three years, Canada ranks 2nd overall after the U.S.
- Businesses in Canada continue to enjoy market access to 50 trade partner countries, thanks to our 15 free trade agreements.
- The Government of Canada is committed to reducing internal trade barriers to encourage more trade and opportunities for Canadian businesses across the country.

If asked about President Trump's announcement of U.S. Reciprocal Tariffs

- On April 2, 2025, President Trump announced a 10% reciprocal tariff on all countries, with some countries receiving a higher rate (e.g., China at 34%, EU at 20%, Japan at 24%, South Korea at 25%).
- The blanket 10% tariff will take effect April 5, while the country-specific tariffs will take effect April 9. There is no end date specified.

- Canada is not affected by the April 2 reciprocal tariff announcement. However, it fundamentally changes the international trading system.
- The Section 232 25% tariff on steel and aluminum continues to apply.

If asked about 25% tariff on automotive vehicles and auto parts

- The previously announced Section 232 25% tariff on **automotive vehicles** took effect on April 3. The Section 232 tariff on **auto parts** will take effect on a date to be announced in the Federal Register, but no later than May 3.
- For **automotive vehicles** that qualify for preferential tariff treatment under CUSMA, the value of "U.S. content" (e.g., value of parts produced entirely or substantially transformed in the U.S.) within the automobiles can be excluded from the tariffs, subject to approval by the Secretary of Commerce.
- For **auto parts**, the 25% tariff does not apply to **auto parts** that qualify for preferential treatment under CUSMA until such time that the Secretary, in consultation with U.S. Customs and Border Protection (CBP), establishes a process for applying the 25% tariff exclusively to the value of the non-U.S. content.
- On April 3, Prime Minister Carney announced countermeasures in response to the Section 232 tariff on **automotive vehicles**. These countermeasures include 25% tariffs on non-CUSMA compliant fully assembled vehicles imported into Canada from the U.S.; 25% tariffs on non-Canadian and non-Mexican content of CUSMA compliant fully assembled vehicles imported into Canada from the U.S.; and Canada's intention to develop a framework for auto producers to avoid our counter tariffs that incentivizes production and investment in Canada.
- Prime Minister Carney has stated that every dollar raised from these countermeasures will go directly to support Canadian auto workers.

If asked about Pres. Trump's Proclamations on 25% tariffs on U.S. imports of steel and aluminum

- Canada strongly opposed U.S. President Trump's announcement of 25% tariffs on steel and aluminum imports on March 12th.
- Due to the implementation of these 25% tariffs effective March 13, 2025, Canada implemented 25% reciprocal tariffs on a list of steel products worth $12.6 billion and aluminum products worth $3 billion, and on additional imported U.S. goods worth $14.2 billion, for a total of $29.8 billion. The list of additional products affected by counter tariffs includes tools, computers and servers, display monitors, sport equipment, and cast-iron products.

- With regards to the imposition of tariffs on the steel and aluminum content in certain derivative products by the U.S., the government is currently assessing this aspect of the U.S. tariffs and may impose further counter tariffs in response.
- The government is taking steps to mitigate the impact of these countermeasures on Canadian workers and businesses, including by ensuring that its recently established remission process will consider requests for exceptional relief from these new tariffs.
- These Proclamations on imports of steel and aluminum are a clear violation of U.S. trade obligations under CUSMA and the WTO. Specifically:
    - The Proclamations run counter to the May 2019 Joint Statement, under which the U.S. removed Section 232 tariffs and Canada withdrew its countermeasures and WTO litigation.
    - The Proclamations violate the CUSMA side letter on future Section 232 measures which obliges the U.S. to not adopt or maintain tariffs or restrictions against Canada for a period of at least 60 days after the imposition of a measure to enable negotiations.
    - The CUSMA side letter permits Canada to take countermeasures immediately.
- Canada is a reliable source of both steel and aluminum to the U.S., integrated into the supply chains of critical sectors such as automotive, aerospace and defence, advanced manufacturing and others.
- A 25% tariff on steel and aluminum will lead to significant cost increases for U.S. manufacturing, less competitive U.S. exports of finished goods, and ultimately higher prices for consumers.

- Background on Steel:
    - In 2023, the Canadian steel industry employed over 23,000 workers and contributed $4.4 billion to the national GDP. It produced 12.2 million tons (mt) of crude steel and was the 16th largest steel producer globally (with a production capacity of 16.3 mt).
    - Canada-U.S. steel supply chains are highly integrated and lucrative, and production is concentrated in high-value products. For instance, a semi-finished steel product used in an automobile crosses the border multiple times as it is further worked and refined.
    - Due to the tremendous weight of products, it is not practical to ship steel abroad and across oceans. As such, Canadian firms do not actively pursue export diversification beyond the U.S. market.

- In 2023, 6.3 mt of Canadian steel – 50% of annual crude production – was shipped to the U.S., representing 90% of Canadian steel exports and 24% of U.S. steel imports.
- In the same year, 3.9 mt of U.S. steel – 5% of annual crude production (81 mt) – was shipped to Canada, representing 47% of all U.S. steel exports and 45% of Canadian steel imports.

- Background on aluminum:
  - In 2023, the Canadian aluminum industry employed over 11,468 workers and contributed $4.4 billion to the national GDP. It produced 3.3 million tons (mt) of primary (unwrought) aluminum and was the 4th largest steel producer globally.
  - Like steel, Canada-U.S. aluminum supply chains are highly integrated, and Canadian firms do not actively pursue export diversification beyond the U.S. market. Unlike steel, U.S. market is overwhelmingly reliant on Canadian aluminum exports. Whereas Canada imports very small amounts of aluminum annually (144,197 tons in 2023).
  - In 2023, 2.7 mt of Canadian primary aluminum – 82% of annual production – was shipped to the U.S., representing 93% of Canadian aluminum exports and 69% of U.S. aluminum imports.
  - Conversely, 104,442 tons U.S. primary aluminum – 13% of annual production (786,000 tons) – was shipped to Canada, representing 16% of all U.S. aluminum exports and 72% of Canadian aluminum imports.

If asked about potential tariffs on softwood lumber

- Canada's softwood lumber exports have been subject to unfair and unwarranted U.S. countervailing and anti-dumping duties since 2017.
- U.S. softwood lumber exports to Canada were not subject to duties or tariffs until March 4, 2025 when Canada acted to defend Canadian interests in response to the unjustified U.S. tariffs.
- Canadian softwood lumber is a reliable and integral part of the U.S. housing industry – Canada fills most of the significant gap between U.S. lumber production and demand, supporting the construction and renovation of millions of American homes.
- Protectionist trade measures on Canada's softwood lumber are net negative for the U.S. – they only create more economic uncertainty and disrupt supply chains.

If pressed further on investment

- The Trump Administration withdrew government support of programs with climate/clean energy-related priorities, including the *Inflation Reduction Act* (IRA) and the *Infrastructure Investment and Jobs Act* (IIJA), which presents opportunities in Canada.
- Canada's commitment to cleantech and the uncertainty of U.S. government support to the sector positions Canada as a prime destination for foreign direct investment.
- Its proven track record and welcoming, transparent investment environment with clear and predictable investment tax credits supporting clean technology manufacturing, clean hydrogen, zero-emission technologies, and carbon capture and storage, make it an ideal choice for international investors.
- Strengths in renewable energy, water and wastewater management, energy storage, energy efficiency, smart grids, hydrogen technologies, carbon capture, utilization and storage (CCUS), and waste-to-energy/value solutions highlight key areas for collaboration with partner countries.
- Canada ranks 2nd out of 21 countries and is home to 13 of the world's top 100 cleantech companies poised for significant market impact in the next five to ten years, as recognized by the Global Cleantech Group 100.
- Canada generates 70% of its electricity from renewable sources and 82% from non-GHG emitting sources, positioning the country as a global leader in collaborative research and development in this sector. It ranks 6th in the G20 in both the Sustainable Development Goal Index 2024 and the Environmental Performance Index 2024.
- Canada has the lowest statutory corporate income tax rate (17.9%) for zero-emission technology manufacturing and processing in the G7.
- Canada offers a full tax deduction in the first year of investments for the entire cost of machinery and equipment used for the manufacturing of goods and certain clean energy equipment.
- Canada offers one of the most generous R&D tax incentives to businesses in the G7.

If asked what existing investors can do regarding 25% tariffs

- In order to defend Canadian interests, it's critical for existing investors, and stakeholders to articulate how decisions made by the U.S. will impact American interests. Specifically:
    - Leverage relationships and networks south of the border to amplify the Team Canada message against the tariff threat.

- Encourage U.S. partners and contacts to speak out about how these tariffs would impact their businesses, workers and customers.
- Emphasize to U.S. stakeholders integrated nature of certain industries, and the negative consequences of the tariff on this.
- Use connections in the U.S. to secure media/social media highlighting how these tariffs would negatively impact U.S. economy/businesses/consumers.

Last updated: 2025-04-08