

January 14, 2025

VIA EMAIL

Right Honourable Justin Trudeau, P.C., M.P.
Prime Minister of Canada
pm@pm.gc.ca

Dear Prime Minister,

RE: Considering Canada's Response to U.S. Tariffs

As all Canadians are aware, the forthcoming inauguration of United States president-elect Donald Trump on January 20 ushers in a new era of Canada-U.S. relations. The president-elect has foregone diplomacy and decorum in his public statements about our country, insulting our elected leaders, challenging our sovereignty, and threatening our economy. Never in modern history has Canada faced such a rebuke from its largest trading partner and closest ally.

Threatening the livelihoods of Canadian workers—including tens of thousands of Unifor members in trade-exposed sectors—has crossed a dangerous line. This cannot be tolerated.

The threat Trump poses is existential, a fact not lost on most Canadians. We anticipate an array of presidential executive orders, issued immediately upon his taking office, that could disrupt billions of dollars in cross-border trade and jeopardize millions of Canadian jobs, including those in the automotive, energy, forestry, metals, and broader manufacturing and processing sectors.

Any tariff imposed by the Trump administration on Canadian goods, under the guise of national or economic security or any other pretense, must be acknowledged as illegal and a violation of long-established tariff treaties between our countries. Judging by past actions of the Trump administration, such a charge by Canada will likely have little bearing on decisions made by the White House. However, by recognizing these actions as unprovoked, unjustified, and unwarranted, Canada must consider a wide range of responses to the United States in an equally strategic, assertive, and unrestrained manner.

As the Federal Cabinet Committee on Canada-U.S. Relations continues to engage with U.S. counterparts, and as your office considers potential response measures to illegal U.S. tariffs (in coordination with the Premiers through the Council of the Federation), I submit to you these early proposals to defend our economic interests and protect Canadian workers affected by this pending dispute.

1. Targeted and Strategic Tariff Retaliation

If U.S. tariffs are imposed on Canadian exports, the federal government must prepare to issue retaliatory tariffs on U.S. imports immediately.

Canadian officials should consider the nominal value of U.S. tariffs in determining reciprocity rather than implementing like-for-like tariffs based on individual goods. This approach will give Canada greater flexibility to apply tariffs to targeted goods at levels deemed appropriate.

2. Better Management of Strategic National Resources Through Industrial Policy

President-elect Trump falsely claims that the United States subsidizes the Canadian economy due to its trade deficit in goods. Not only does this misinterpret what a trade deficit measures, but it also ignores the fact that U.S. trade with Canada is in far greater balance than with other major trading partners. Missing from the president-elect's assertion is the fact that Canadian oil and gas exports account for the entirety of Canada's surplus, according to a January 2025 report by the National Bank of Canada. If not for the U.S.'s consistent demand for Canada's raw energy inputs, it would be Canada claiming trade deficit, with the U.S. in surplus.

Unifor has long called on federal and provincial governments to exercise greater public discretion over the export of natural resources, elevating Canada's position in the value chain.

The federal government, in consultation with provinces, must consider ways to manage the outflow of rare earth metals, critical minerals, lumber, oil and gas, aluminum, and potash. Bolstering domestic capacity to process, refine, and transform these inputs into higher-value goods will not only rebuild production capacity but also create good jobs, diversify exports, and reduce dependence on foreign nations like the United States.

3. Establish Reciprocal Procurement Policies for U.S. Suppliers; Leverage Public Purchasing for Industrial Development

Access to U.S. federal and state procurement is heavily restricted. "Buy America" and "Buy American" rules effectively exclude Canadian suppliers from bidding on contracts. Over time, these rules have become more onerous, directly contributing to job losses in Canada, including among Unifor members. By contrast, Canada maintains a mostly open and unfettered procurement market for U.S. suppliers.

The federal government identified this disparity in 2023 and committed to implementing reciprocity measures in the “short term,” but no action has yet been taken. U.S.-based suppliers should be subject to the same procurement conditions in Canada as exist in their home market. Procuring entities should favor Canadian suppliers over U.S. suppliers, all other factors being equal.

Public purchasing across all levels of government in Canada generates significant economic activity, totaling an estimated \$300 billion per year, according to the Canadian Collaborative Procurement Initiative. This represents a major opportunity to reinvest strategically in the domestic economy, supporting sector-specific industrial strategies that foster Canadian innovation and develop necessary skills and production capacities.

4. Emergency Relief to Mitigate Risk of Layoff, Sustain Operations

U.S. import tariffs will have varying effects on Canadian firms, depending on factors such as customer profiles, U.S. export dependence, financial positions, and more. A key government objective in this pending dispute should be to sustain Canadian operations where possible and mitigate the risk of layoffs caused by workplace closures or production slowdowns.

Export-dependent firms demonstrating financial distress should have access to preferential loan guarantees to maintain operations. Additionally, the federal government should consider deploying a program similar to the Canada Emergency Wage Subsidy program (CEWS) to keep Canadians working, and for eligible firms in trade-dependent sectors and communities. This would temporarily subsidize salaries and help keep employees on payroll. Revenue generated through retaliatory tariffs could partially fund these and other support measures.

5. Enhanced Income Supports for Workers

Canada must prepare for a potential rise in unemployment and provide additional income supports to workers in trade-exposed industries and communities, like measures implemented during the COVID-19 pandemic. These supports should include improved access to Employment Insurance benefits or other special income assistance programs, with more accessible qualifying rules and enhanced income support to offset a greater share of lost income—particularly for workers in high-wage, trade-exposed workplaces. Additionally, benefits should be extended in duration, with allowances for workers to earn supplementary income or undertake education while receiving support.

The federal government should deploy resources to mitigate job losses resulting from U.S. tariffs, including an expanded Canadian Work-Share program, bridge subsidies for early retirement, and income supplements for training, among others.

The challenges posed by the incoming Trump administration require Canada to take decisive action to safeguard its economy and protect its workers. The response

measures proposed here, including strategic tariff retaliation, industrial policy to manage and enhance resource value, reciprocal procurement policies, and robust income supports for impacted workers, are critical to shielding Canadian interests and asserting our economic sovereignty.

By adopting strong, forward-thinking industrial strategies, Canada can not only defend itself against immediate threats but also build a more resilient, diversified, and self-reliant economy for the future. We urge your government to act boldly and decisively in this pivotal moment to protect Canada's economy and all working people.

Sincerely,



Lana Payne
National President

CC: Dominic LeBlanc (Chair): Minister of Finance and Intergovernmental Affairs
David J. McGuinty: Minister of Public Safety
Anita Anand: Minister of Transport and Internal Trade
Bill Blair: Minister of National Defence
François-Philippe Champagne: Minister of Innovation, Science and Industry
Mélanie Joly: Minister of Foreign Affairs
Lawrence MacAulay: Minister of Agriculture and Agri-Food
Marc Miller: Minister of Immigration, Refugees and Citizenship
Mary Ng: Minister of Export Promotion, International Trade and Economic Development
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François Legault, Premier of Quebec
Scott Moe, Premier of Saskatchewan
Ranj Pillai, Premier of Yukon

R.J. Simpson, Premier of the Northwest Territories
Danielle Smith, Premier of Alberta
Kirsten Hillman, Canadian Ambassador to the United States of America
Cameron MacKay, Canadian Ambassador to Mexico

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