Unifor Submission to U.S. Tariff Consultation: Notice of intent to impose countermeasures in response to United States tariffs on Canadian goods

April 2, 2025

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Notice of intent to impose countermeasures in response to United States tariffs on Canadian goods

Unifor is Canada's largest union in the private sector. On behalf of its 320,000 members across the country, including 120,000 members working in trade-exposed industries, I commend the Federal Government for enacting timely and decisive countermeasures in response to unprovoked and unwarranted U.S.-imposed tariffs.

Canada's retaliatory tariff response to U.S. "border and fentanyl" tariffs on March 4, as well as U.S. tariffs on Canadian steel, aluminum and derivative products on March 12, totalling nearly $60 billion, is entirely justified. These retaliatory tariffs have so far been measured (e.g. dollar-for-dollar), strategic (e.g. targeting mostly substitutable, U.S. goods) and impactful (e.g. triggering a necessary internal response from state governors, members of Congress, and businesses).

Unfortunately, and at least for the immediate term, the unwarranted U.S. tariff threats facing Canada will continue. Later today, the White House is expected to outline the imposition of so-called "reciprocal tariffs" on its trading partners. Policy and implementation details remain unclear, but we expect reciprocal tariffs will further impact Canadian exports, further raising costs for American businesses and consumers, affecting jobs on both sides of the border.

The U.S. is slated to impose sector-specific tariffs on autos (starting April 3) and has initiated investigations under section 232 of the Trade Expansion Act into lumber and wood derivative products, as well as copper and its derivative products, that can lead to additional tariffs imposed on Canadian goods. We also anticipate forthcoming targeted measures on pharmaceuticals, and semiconductors, among other product-specific tariffs.

Unifor believes this U.S. tariff policy, targeting Canadian exports, will have a severe impact on the domestic economy and on workers in trade-exposed workplaces. Our union has called for strong retaliatory tariff measures, as well as extensive worker supports and other broad non-tariff countermeasures designed to strengthen Canada's economy, making it more resilient, durable and self-sufficient in the face of U.S. aggression. These positions, along with our views on retaliatory tariffs, are also reflected in this submission.

Unifor's position on retaliatory tariffs:

Avoid intermediate and non-substitutable goods, where possible; Target intermediate goods where there are Canadian-made alternatives; Impose more aggressive import tariffs on finished goods, including vehicles, to ensure dollar-for-dollar coverage

Unifor supports the federal government's imposition of dollar-for-dollar retaliatory tariffs on the United States, as a necessary response to unjustified tariffs. Canada must continue to deploy its counter-tariffs strategically, focusing on intermediate goods where there are Canadian-made alternatives available to downstream purchasers. It is imperative these measures do not hurt Canadian workers by disincentivizing domestic investment or instigating the relocation of production outside of Canada. Retaliatory countermeasures must also not excessively strain the cash flow for domestic businesses operating in Canada.

To do this, Finance Canada must avoid imposing counter-tariffs on targeted and strategic intermediate goods, wherever possible. This shall apply particularly to industries with extensive and interconnected value chains, such as the automotive industry. The exclusion of specific automotive inputs in the preliminary list of goods outlined in Table 1, such as vehicle engines (under HS 8408), transmissions (HS 8483), and various other component parts (HS 8708) is the right approach.

Remission requests should be considered for goods with a high degree of Canada-U.S. value chain integration and for intermediate goods only. Finance must also consider the substitutability of the good in question, from domestic or otherwise non-US sources.

Further, any remission request granted must be time-limited (e.g. 6 months) and conditioned on the importer demonstrating efforts to re-route existing supply lines away from the United States. Finance may grant extensions depending on those efforts undertaken, and the legitimacy of the request.

Tailored counter-tariff measures for the auto sector

In responding to newly announced US section 232 tariffs on automotive goods, Unifor urges Finance Canada to impose strong counter tariffs on all finished vehicles imported to Canada from the United States, at a level of 25%. If those vehicles are imported from a state that legislates any form of "Right to Work" wage suppression law, a tariff of 100% should be imposed. Counter tariffs on US vehicle component parts should be considered, but only an ad hoc basis, and where there are available Canadian-made sourcing alternatives for original equipment manufacturers.

Remission orders, allowing for the tariff-free importation of finished vehicles from the U.S., should be granted to those automakers that maintain a production footprint in Canada. Such remission orders should be tailored to the individual automaker and proportional to their production levels.

Further, this remission order should be considered void if any automaker reduces its production capacity or relocates any Canadian productive assets, including machinery and equipment, outside of Canada. To be clear, any reduction in production capacity must result in a full elimination of the remission order.

Unifor's position on additional countermeasures

Counter-tariffs are one important tool that Canada must deploy, but there are many other non-tariff retaliatory countermeasures to consider. Such measures, while outside the scope of this consultation, can be used to create maximum pressure on the U.S. to end this unjustified trade war, but also to begin the important process of building a more self-sustaining, successful and resilient domestic economy with targeted industrial strategies.

Unifor has outlined some of its initial proposals on non-tariff countermeasures publicly, as part of its Protecting Canadian Jobs initiative.

Those proposals include:

- **Penalizing companies that move jobs out of Canada.** Relocating productive assets out of Canada in response to illegal U.S. tariffs, imperils the Canadian economy and infringes on Canadian sovereignty. Canada has laws that prohibit firms from complying with foreign rules that adversely affect Canada's interests.

  The federal government must consider all statutory powers to protect jobs, including disincentivizing the offshoring of Canadian production, imposing heavy penalties on firms that comply with illegal and unjust U.S. orders, and prohibiting goods previously made in Canada from re-entering the country from the United States or elsewhere

- **Building Canada's energy sector.** Canada must expand its capacity for west-east shipment of Canadian oil, gas and chemical products by rail and build Canadian-made tanker cars immediately.

  Canada must be able to move raw materials using west-east rail to supply Canadian refineries and secure the supply chains of our value added chemical and plastic industries, support diesel and petrol production, and provide internal markets for biofuel production. There is limited capacity to move oil, gas, and chemical product via pipeline between provinces in Canada so we must depend on rail. Unlike current pipelines, oil by rail does not go through the U.S.

  Canada controls the process from start to finish. Unifor members inspect and maintain rail cars in Canada for both CN and CPKC. Rail cars can be made in Canada and are made by the rail companies themselves.

  Rail transport of oil, of course, must be safe. That is a precondition of any work Canada undertakes. Oil transportation by rail presents a lower risk of leaks when there are incidents (e.g. derailment), as compared to pipeline incidents over time. Alongside this immediate need, Canada must still develop new energy infrastructure and west-east electricity systems.

- **Defence spending that supports Canadian industries.** Canada must negotiate a defence pact with the EU that develops shared procurement agreements to support, build and diversify Canada's aerospace and defence sectors. Canada must adopt a more robust public procurement approach and diversify its security relationships in the face of American hostility. This is already in the works: Previous procurement decisions on American products are being actively scrutinized and there have been numerous reports that the government of Canada and the European Union are exploring a potential EU-Canada security and defence partnership.

  Stronger collaboration between Canada and Europe can focus on key areas including funding research and development, shared procurement, information sharing, industrial policy, defence production, workers' rights, market access, and much more. Canada and the European Union already have agreements that show collaboration and partnership are possible.

  Strategic utilization of public procurement and investment can be a strong catalyst for Canadian industry, especially in the aerospace sector. From research and development to prototypes and the opportunities offered by existing Canadian products and platforms, the Canadian government can make better use of its upcoming procurement and find ways to facilitate the emergence of made-in-Canada solutions. Also, by acting as the anchor buyer of such products, the federal government can play a key role in strengthening our national manufacturing base while opening up export opportunities.

- **Ban or restrict foreign ownership of critical minerals.** Critical minerals are a key part of the Trump Administration's geopolitical strategy. This is likely behind his aggressive language about Canada, Greenland and Ukraine. Trump's desperation is likely a result of China banning the export of key rare earth minerals to the U.S. last December and expanded these restrictions in response to additional U.S. tariffs on China.

  Canada is home to large storehouses of critical minerals, which are necessary to build domestic industries, advance reconciliation efforts with indigenous people, and grow our net zero economy – but only if we manage these resources properly.

  The challenge is this: 30.3% of the Canadian mining and quarrying industry assets were foreign-owned in 2022, up from 27.1% in 2018. U.S.-owned assets in Canadian mining and quarrying accounted for 6.7%, up from 5.5% in 2017.

  Canada has the tools in place to both guard and develop our critical resource industries, maximizing the benefit to Canada. In July 2024, the federal government announced restrictions on investments by foreign capital subject to a net benefit review. As part of Canada's 2022 Critical Mineral Strategy, the federal government announced increased scrutiny of foreign state-owned or state-influenced investments in the critical minerals sector under a new policy enacted through the Investment Canada Act (ICA).

The most recent Critical Minerals Strategy Annual Report 2024 touts that there are over 150 active critical minerals projects across the country, between January 2023 and June 2024, however just one critical mineral mine has begun commercial operations in Canada. One additional project received approval under the federal environmental impact assessment process and seven other proposals were being reviewed.

- **Support forestry with an affordable home strategy.** Developing a national homebuilding strategy, building on the existing Canada's Housing Plan, will require federal, provincial and municipal governments to coordinate with forestry and housing stakeholders, and will connect Canada's forests with the housing crisis.

  Canada can transform current trade headwinds into an opportunity by scaling up the production of innovative wood products and working to sustain a thriving domestic homebuilding market. It's time to reduce our historic dependence on exporting commodities and focus on what will become the next phase of Canada's forestry industry.

  Canada already excels at manufacturing engineered wood products, mass timber and prefabricated building systems but it could do so much more. To craft a strong, Made-in-Canada homebuilding strategy, Canada must be ready to overhaul its building and permitting approach, better recognize the value of wood product utilization and deploy an ambitious and patient investment strategy.

  Such a strategy opens durable employment pathways badly needed in a sector that has seen thousands of job losses over the past decades. These high value-added products also make the most of a fibre supply which faces significant challenges, and they are a low-emission building option key to enabling long-term carbon sequestering. Most important, they help Canada build houses at a crucial time.

  Canada's Housing Plan identifies three goals, the first of which is 'Building More Homes.' As the Plan says, "We need to build more homes, faster. From concept to construction, we need to increase the pace of homebuilding to get Canadians into homes that meet their needs at prices they can afford."

  This proposal will not have to be built from scratch. British Columbia already has a modular housing initiative, called Modular BC. A number of companies have already moved into the modular housing field, involving 'made in Canada' engineered wood products.

  The proposal will require government investment, support, and coordination, but the result will connect Canadian loggers, mill workers, engineered wood product manufacturers, transport and logistics workers, designers, homebuilders, and finally, residents

Conclusion

In conclusion, Unifor commends the Government of Canada for its swift and strategic response to the unjustified tariffs imposed by the United States. The implementation of dollar-for-dollar retaliatory tariffs, particularly focused on substitutable finished goods, reflects a balanced approach that defends Canadian economic interests without unduly harming domestic industries or workers. Canada must now impose the full weight of tariffs on the United States, including by deploying tariffs on this final tranche of goods.

However, Unifor recognizes that these tariffs are only part of a broader, ongoing trade conflict driven by unjustified U.S. policies, which continue to pose risks to Canadian workers and industries. As such, it is critical that Canada remain vigilant, flexible, and strategic in its countermeasures, including ensuring remission measures are carefully targeted and time-limited to protect Canada's interconnected value chains, Canadian workers and their jobs.

Beyond tariffs, Unifor encourages the federal government to pursue a broader suite of non-tariff countermeasures aimed at strengthening Canada's economic sovereignty and long-term resilience. These include measures to penalize companies that offshore Canadian jobs, expand Canadian-controlled energy infrastructure, protect critical minerals, increase defence procurement that supports Canadian industries, and develop an affordable, domestically-focused housing strategy supported by Canada's forestry sector. Together, these policies can transform current trade tensions into an opportunity to build a more self-sufficient and sustainable Canadian economy that prioritizes workers' rights, domestic production, and economic security.

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