

# Dealing with U.S. Tariffs: Measures and Support for Your Business

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In an already troubled global economic context, the Trump administration's reimposition of additional tariffs on Canadian exports to the United States has shaken the foundations of international trade for Canadian and Quebec companies. These protectionist measures, intended to limit access to the U.S. market, represent a major challenge for Canadian businesses, which find themselves caught up in an unprecedented trade war.

The governments of Quebec and Canada reacted swiftly and decisively to the threat, implementing a series of bold measures to protect our economy, support our businesses and preserve jobs.

These measures are part of a broader plan to enhance resilience and diversification. They not only seek to lessen the immediate effects of tariffs, but also to bolster the competitive edge of Canadian and Quebec businesses on the global market. By supporting innovation, improving productivity and opening new markets, Quebec and Canada are sending a clear message to their businesses and to the world at large, saying "We will not be deterred by protectionist measures and will persist in building a robust, competitive economy."

### **Measures taken by the Quebec government**

The Quebec government has implemented a number of measures to support businesses affected by the United States' imposition of these additional tariffs.

Here is a summary of the main initiatives.

### *1- Investissement Québec's FRONTIÈRE program*

**Purpose:** Support Quebec manufacturing or primary sector exporters needing short-term liquidity to adapt their business models or supply chains because their sales are significantly affected by additional U.S. tariffs.

**Details:** The program offers fast financial aid of up to \$50 million per company in the form of loans with a maximum term of 7 years and a deferral on the repayment of principal up to 24 months. It is intended for businesses in the manufacturing or primary sector whose sales are significantly affected by the new U.S. tariffs.

## *2- Investissement Québec's ESSOR program and productivity component*

**Purpose:** Enhance the productivity of businesses to make them more visible to major buying organizations, diversify their markets and fuel their growth.

**Details:** The program offers flexible and advantageous financial assistance, including interest-free loans and non-repayable contributions for investment projects exceeding \$10 million. It aims to reduce manufacturing costs and advantageously position businesses in new markets.

## *3- Investissement Québec's Panorama financing and support program*

**Purpose:** Provide working capital for projects aimed at expanding or diversifying sales in Canada and internationally (excluding the U.S.).

**Details:** With its \$200-million budget, the initiative is designed to help companies diversify their exports and boost their competitiveness in new markets through financing and support services.

It provides financing in the form of term loans ranging from \$250,000 to \$1,000,000, with a deferral on the repayment of principal of up to 24 months and no requirement for collateral or a corporate or personal guarantee.

Support services can include, for example, strategic guidance on diversification, business intelligence on the selection and attractiveness of target markets, identification of business opportunities, including public tenders, or the facilitation of connections with potential customers.

## *4- Investissement Québec's Grand V initiative*

**Purpose:** Stimulate business investment and accelerate the shift to innovation and sustainable productivity to drive growth.

**Details:** The program was in place before the U.S. decided to impose additional tariffs on Canadian exports to the U.S. It is therefore not a direct response to the tariffs. It provides a blend of flexible financing with a possible deferral on the repayment of principal of up to 48 months, with no impact on the interest rate. Additionally, qualifying companies can access up to 1,000 hours of technological support from Investissement Québec's innovation experts.

## *5- Commission des partenaires du marché du travail's (CPMT) call for projects entitled "Formation pour la résilience et la compétitivité en emploi" [training for employment resilience and competitiveness]*

**Purpose:** Help businesses affected by additional U.S. tariffs to develop their employees' skills.

**Details:** This program aims to improve the skills of employees to better face current and future economic challenges. Training should make it possible for businesses to keep their workforce employed in the short term while they address the issues caused by the United States' implementation of additional tariffs. The Commission des partenaires du marché du travail (CPMT) is issuing a call for projects from collective promoters wishing to help companies affected by the introduction of these tariffs. Collective promoters can be employers' or workers' associations, joint committees, sector-based labour committees, buying organizations with certified training departments, franchisors operating under their own brands, training mutuals recognized by the CPMT and Indigenous employment readiness and skills development organizations.

## *6- Caisse de dépôt et placement du Québec's Program for Québec businesses*

**Purpose:** Help businesses launch new projects to boost productivity or strategically enter new markets.

**Details:** The program provides access to flexible financing that complements the solutions offered by banks and financial markets to encourage companies to undertake projects aimed at increasing productivity; support for technological transformation—automation, robotics, business process digitization and artificial intelligence applications; and access to increased support from the CDPQ team. It is intended for all businesses looking to explore new markets to diversify their customer or supplier base or their operations. The CDPQ has announced that it will finance the most promising technological transformation projects following a call for projects to be launched in the coming weeks.

## *7- Local investment fund payment deferrals*

**Purpose:** Provide companies with a six-month deferral on repayment (principal and interest) of financing granted through local investment funds to help businesses cope with the disruptions caused by additional U.S. tariffs.

**Details:** Regional county municipalities (MRCs), which manage local investment funds, will be entitled to offer businesses a six-month grace period on the repayment of loans received. The deferral period can be added to what is already allowed through these MRCs' existing investment policies. Local investment and solidarity funds can also jointly grant payment deferrals for projects that receive funding from both types of funds.

## *8- Penalties for U.S. companies*

**Purpose:** Disadvantage American companies in Quebec's public calls for tenders.

**Details:** American companies participating in public calls for tenders will be imposed penalties of up to 25% on their tenders if they don't have establishments or trading partners in Quebec. The Quebec government has authorized municipalities to impose this penalty as well. The measure aims to promote the growth of Quebec companies and spur economic prosperity in Quebec.

### **Measures taken by the Canadian federal government**

The Canadian government took several steps in response to the United States' unprecedented

tariffs.

## *1- Retaliatory tariffs*

**Purpose:** Respond to the United States' unjustified tariffs.

**Details:** Canada has imposed a 25% tariff on \$30 billion worth of American products. These tariffs immediately apply to a list of specific goods. Additionally, tariffs of 25% on a list of separate goods valued at \$125 billion were to be imposed after a 21-day consultation period beginning on March 4, 2025. The imposition of tariffs on this list of products was put on hold on March 6, 2025, after President Trump decided to suspend the imposition of additional U.S. tariffs on most products that qualify as products of Canada under the Canada-United States-Mexico Agreement (CUSMA) rules of origin. In addition, in response to the introduction of an additional 25% tariff on all U.S. steel and aluminum imports on March 12, 2025, Canadian retaliatory measures on most steel and aluminum products imported from the U.S. and certain other U.S. goods came into effect on March 13, 2025.

## *2- Customs duty relief*

**Purpose:** Lessen the impact of Canadian countermeasures to additional U.S. tariffs on Canadian companies.

**Details:** The government has established a procedure to evaluate exceptional requests for exemptions from tariffs imposed as part of its response to additional U.S. tariffs. The government has also indicated that existing duty drawback programs will be available for Canadian paid or payable surtaxes.

## *3- Trade Impact Program*

**Purpose:** Support Canadian companies in their efforts to diversify their export markets.

**Details:** This \$5-billion program is designed to help companies explore new markets and reduce their reliance on the U.S. market. It also helps them navigate the economic hurdles caused by the tariffs, including losses from non-payment, currency fluctuations, lack of access to cash flows and barriers to expansion.

## *4- Employment Insurance: Work-Sharing Program*

**Purpose:** Avoid layoffs when there is a temporary decrease in the normal level of business activity beyond the employer's control.

**Details:** The government is temporarily making this existing program more flexible to make it more accessible and extend the maximum duration of agreements. Employment Insurance may cover a portion of employees' wages if they agree to reduce their working hours and share the remaining work in the period needed for the business to recover, when the amount of work available is reduced because of a temporary slowdown in normal business beyond the employer's control. The employer, its employees (and union, if applicable) and Service Canada must all enter into a work-sharing agreement.

Workers unions have called for additional support measures under the Employment Insurance program, and although the government appears open to introducing such measures, they have not

yet been formally announced.

## *5- Preferred-rate loans from BDC*

**Purpose:** Provide financial support to businesses affected by additional U.S. tariffs.

**Details:** The Business Development Bank of Canada (BDC) is offering up to \$500 million in preferred-rate loans available to help companies in sectors directly affected by tariffs and companies in their supply chains.

## *6- Farm Credit Canada lending*

**Purpose:** Support Canada's agricultural industry.

**Details:** Lending totalling 1 billion is being provided through the Farm Credit Canada to help farmers deal with the consequences of additional U.S. tariffs and maintain their competitiveness on international markets.

### **Conclusion**

Quebec and Ottawa have put robust measures in place to help businesses and workers in the wake of the United States' imposition of additional tariffs. These initiatives are aimed at enhancing competitiveness, diversifying export markets and protecting jobs. Both levels of government are collaborating closely to minimize economic repercussions and defend Canada's interests on the global stage.