Tariffs, Trade and Canadian Agriculture



In an increasingly unpredictable global trade environment, Canadian agriculture finds itself caught in the crossfire of escalating tariff disputes. Trade wars and tariffs, primarily between the United States and China, have disrupted the status quo of global trade and put Canada in a difficult place between two economic giants.

These actions have far-reaching consequences, not just for farmers but for Canadian consumers as well.

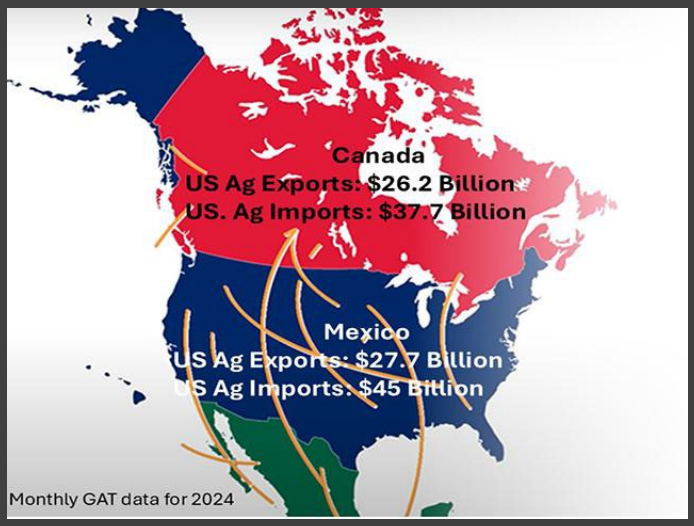
The Ripple Effects of US and Chinese Tariffs and Trade Actions

Canada's agricultural sector relies heavily on exports, with the US and China being two of our most significant trade partners. Tariffs have the obvious impact of making the costs go up for both businesses and consumers. But they can also have implications for farmers that outlive the tariffs themselves.

For example, when China restricted Canadian canola imports in 2019, it left farmers with surplus crops and lower prices. Meanwhile, China had also levied tariffs of halted the purchasing of many American agriculture products. As US farmers also lost access to the Chinese market, they flooded global markets with grains and meat, driving down prices and creating additional competition for Canadian producers.

The long-term uncertainty caused by these types of trade actions makes it harder for Canadian farmers to plan for the future, invest in new technology, or expand their operations.

Retaliatory Tariffs and the Canadian Response



In response to US-imposed tariffs in 2025, Canada has placed duties on a range of American agricultural imports, including dairy, processed foods, and meat. While these tariffs aim to pressure the US into fairer trade negotiations, and were directed at products that had Canadian alternatives, the consequences for consumers is that many products will subsequent increase in price and reduce in availability.

It should be noted that even before the tariffs, Canada has been seeking new trade opportunities by expanding its reach to other global markets, including Europe and the Asia-Pacific region. Agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) offer alternative export destinations holding the potential to reduce reliance on any single trading partner.

The Breakdown of Rules-Based Trade

One of the most concerning aspects of recent trade disputes is the erosion of rules-based trade, where predictable policies and agreements support fair competition. When major economies impose tariffs based on political motives, it creates uncertainty for businesses and consumers alike. If Canada's agricultural industry cannot rely on stable trade agreements, the entire supply chain, from farm to grocery store, becomes more vulnerable to disruptions.

This instability underscores the importance of supporting domestic agriculture. By investing in local food production and buying Canadian-grown products, consumers can help ensure the resilience of our food system.

What Can Consumers Do?

In a trade war, every consumer can be considered a soldier. Canadian consumers have a role to play in supporting domestic agriculture. Here are a few ways you can make a difference:

- **Buy Canadian**: Look for "Product of Canada" labels when shopping for groceries, but recognize that many products produced in Canada from Canadian goods may not be labelled as such despite providing Canadian jobs and

important markets for Canadian agricultural products. To truly support Canada's agri-food industry, consumers need to look beyond those labels and look more closely into where products are coming from.

- **Support Local Farmers**: Purchase from farmers' markets, community-supported agriculture programs, and local food cooperatives.
- **Stay Informed**: Understanding trade policies and advocating for fair agricultural policies can influence government decisions.

While trade wars and tariffs create challenges, they also highlight the importance of a strong and self-sufficient Canadian agricultural sector. By supporting our farmers and staying engaged on these trade issues, Canadian consumers can help ensure a resilient and thriving food system for years to come.

Click here to learn more about Canada-US Trade and Engagement from the Canadian Federation of Agriculture.