

President Trump's April 2 reciprocal tariffs exempt Canada

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Torys' Canadian and New York offices will be providing [regular briefs](#) on the legal ramifications of the tariffs and other cross-border policy developments on the horizon.

Today President Trump [announced](#) global “reciprocal tariffs” on goods from all countries, ranging from 10% to 49%. While President Trump’s tariff strategy has now broadened worldwide, contrary to many predictions Canada and Mexico are not subject to additional tariff measures at this time. Previously announced tariffs on Canada for non-CUSMA/USMCA compliant goods, and on steel, aluminum, and autos remain.

Reciprocal tariffs announced

Today President Trump announced specific tariffs on all countries (except Canada and Mexico), ranging from 10% to 49%. For example, China will be subject to a 34% tariff, the EU 20%, South Korea 25%, Japan 24%, and the UK and Australia each 10%. These tariffs are intended to counter each country’s individual tariff and non-tariff barriers to trade.

Countries that are not assigned a specific tariff rate are subject to a flat tariff rate of 10%. Some commentators characterize the 10% minimum worldwide tariff as intended to address trade diversion from countries with high tariff rates through countries with lower rates.

Certain sectors are exempt from these reciprocal tariffs. “Energy,” “energy products” and “certain critical minerals,” not defined in the executive order, are exempt. These are goods that President Trump has previously treated as preferential and subject to a lower tariff when imposing tariffs on Canada and Mexico, owing to their strategic nature. Pharmaceuticals, semiconductors and lumber are also exempted from the reciprocal tariff order, though those are sectors that President Trump has previously indicated are likely to be subject to sector-specific tariffs.

Importantly, Canada and Mexico are exempted from the reciprocal tariffs announced today.

Status of tariffs on Canada

Existing tariff orders in respect of Canada remain in effect, including general tariffs, and steel, aluminum, and automotive tariffs.

Tariffs on CUSMA/USMCA-compliant goods remain paused. Today’s announcement has no impact on the current tariff treatment of Canadian goods. [Since March 6](#), Canadian goods that are CUSMA/USMCA-compliant have been exempt from the tariffs that entered into force on March 4 (25% generally and 10% on “energy,” “energy resources,” and potash). Today’s executive order extends that exemption for CUSMA/USMCA-compliant goods. Non-CUSMA/USMCA-compliant Canadian goods continue to be tariffed at 25%; but the vast majority of Canadian goods are or could become CUSMA/USMCA compliant.

To be compliant with CUSMA/USMCA, goods must fit the rules of origin defined under the treaty, and go through the administrative process of certifying compliance with the rules of origin before export. Compliance with rules of origin and related certifications therefore remain crucial for Canadian exporters.

Though President Trump previously indicated that this “pause” would expire on April 2, the executive order implementing the pause does not contain an expiry date and President Trump has not issued an order rescinding the partial “pause” at this time.

Today’s executive order indicates that if the existing fentanyl-related emergency order in respect of Canada is terminated, CUSMA/USMCA-compliant goods will continue to be tariffed at 0%. Non-CUSMA/USMCA compliant goods will be subject to a reduced reciprocal tariff of 12%, instead of the current 25%.

Worldwide steel and aluminum tariffs remain in effect. President Trump has implemented a 25% global tariff on all steel and aluminum products. Canada is the largest exporter of both products to the United States. These tariffs “stack” on top of the general tariffs imposed on March 4 (though to the extent the goods are CUSMA/USMCA-compliant, there is no additional tariff to stack).

Automotive tariffs enter into force at midnight tonight. On March 26, President Trump announced 25% worldwide tariffs on all automobiles and certain key auto parts such as engines and transmissions, entering into force on April 3. Vehicles that qualify for preferential treatment under CUSMA/USMCA will be subject to a 25% tariff applied only to the non-U.S. content. Importers must provide documentation detailing the value of U.S. content in each imported model to calculate the portion subject to the tariff. CUSMA/USMCA-compliant auto parts will also be subject to the 25% tariff on their non-US content, effective on or before May 3 (this will be subject to a further executive order). These tariffs on automobiles and auto parts are in addition to the existing tariffs on steel and aluminum.

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