



Navigating new tariffs

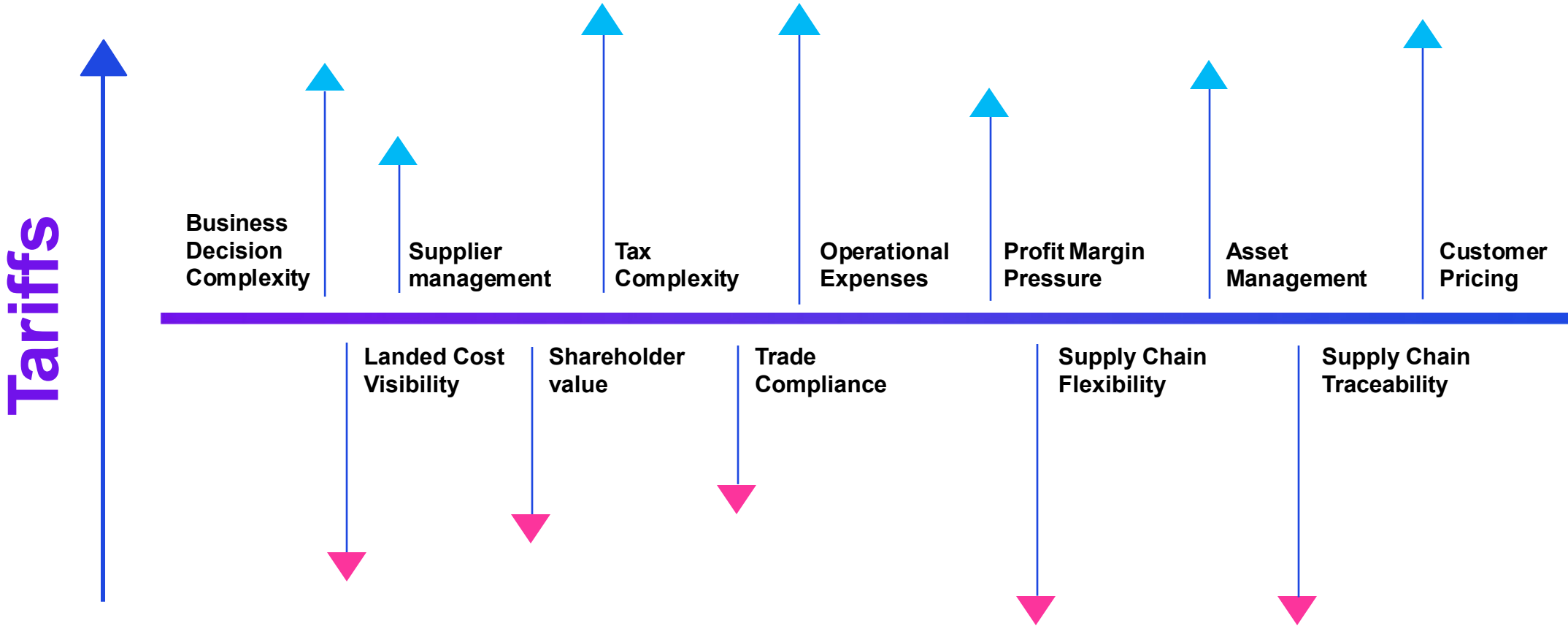
Developing a strategy to mitigate tariff costs
and supply chain disruption

July 2025



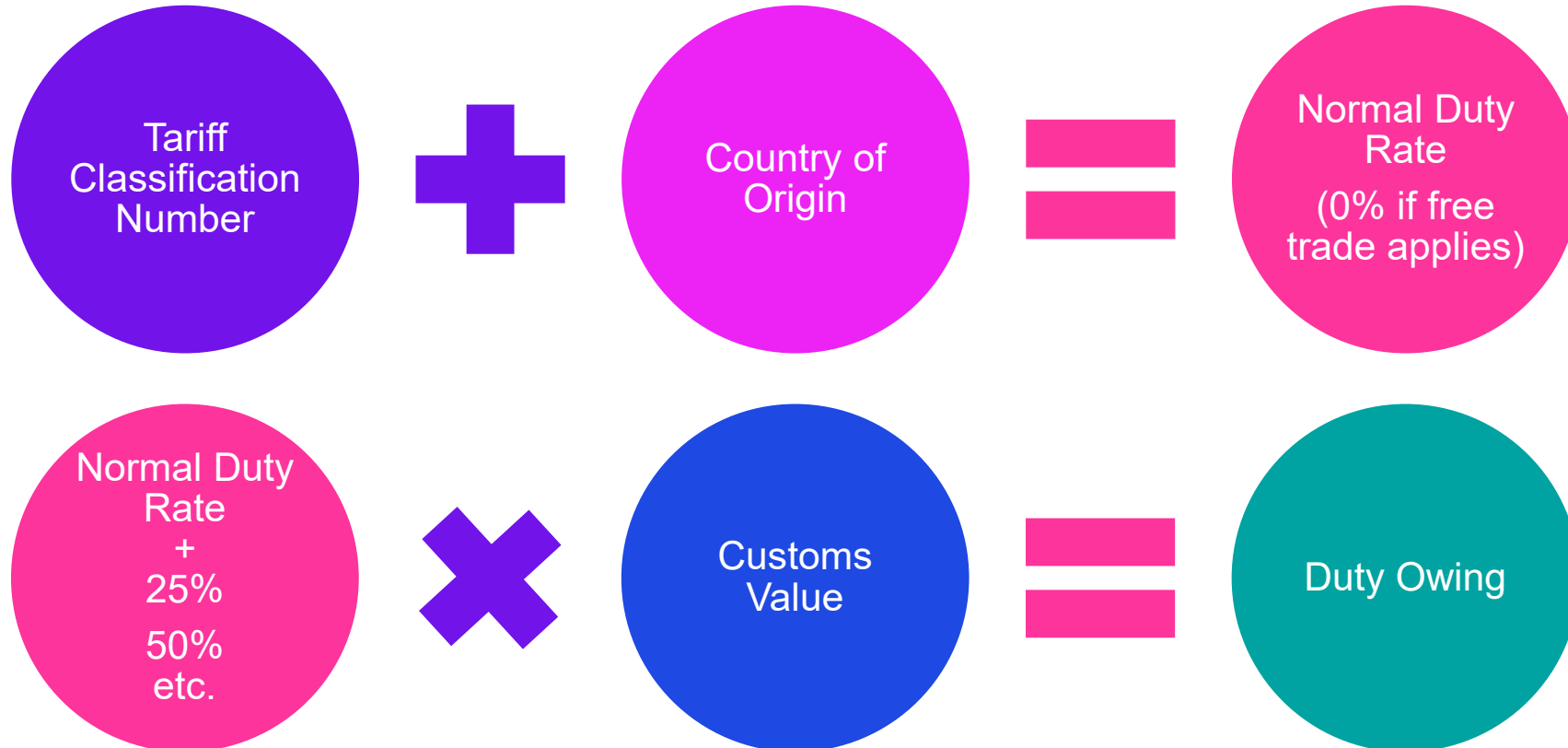
The Impact of Tariffs

As tariff rates increase, businesses face higher costs and supply chain disruptions resulting in a variety of business impacts

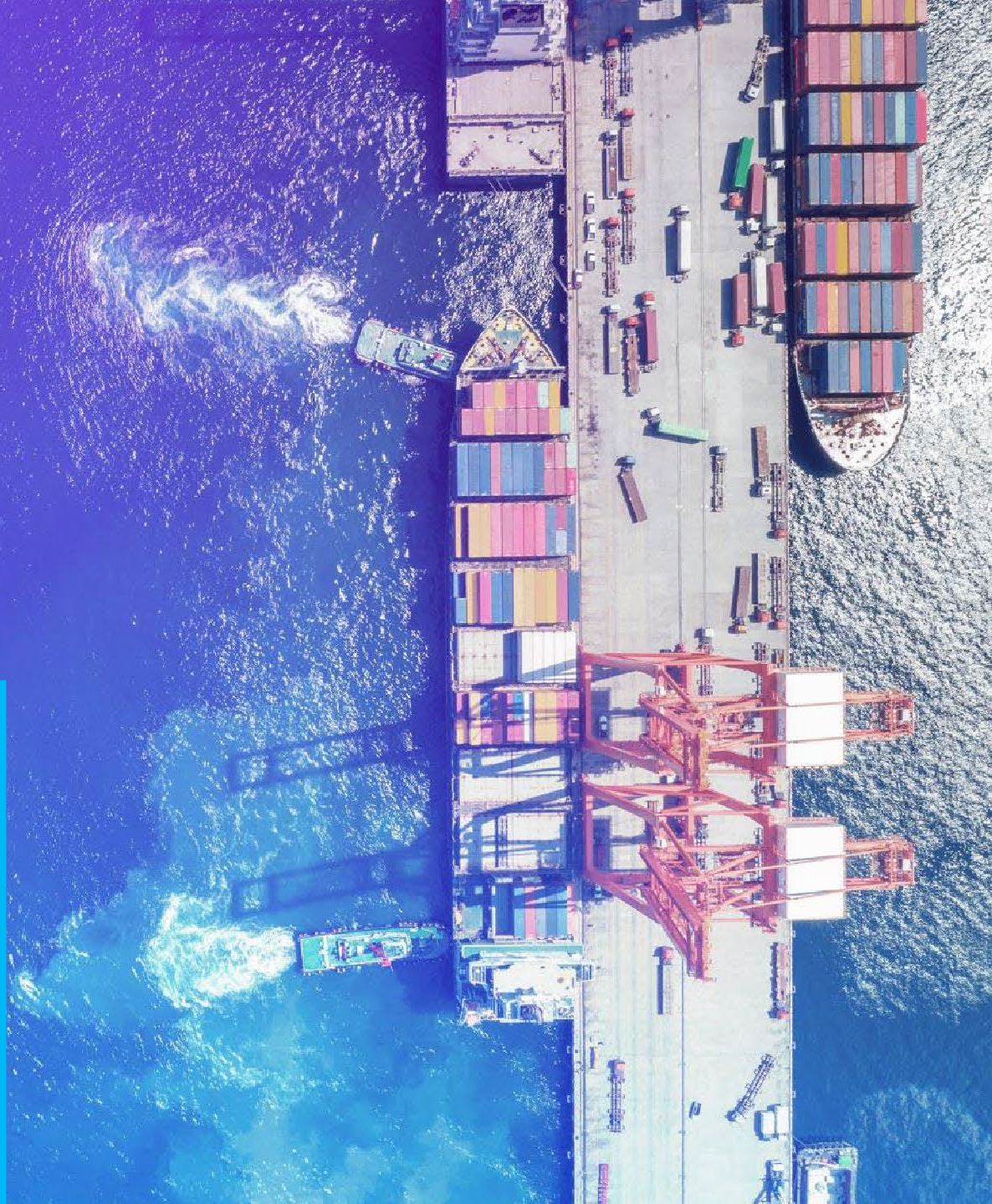


How to Calculate a Tariff

Tariffs only apply to physical goods that cross international borders



US Tariffs



The Current US Landscape

Industry Based Tariffs

IN EFFECT



Aluminum
50%

IN EFFECT



Steel
50%

IN EFFECT



Autos
25%

IN EFFECT



Car Parts
25%

IN EFFECT



Venezuela Oil
25%
*All imports from a country that
imports VE oil directly or indirectly*

THREATENED



Pharmaceuticals
200%

THREATENED



Semiconductors
25%

THREATENED



Copper
50%
August 1

THREATENED



Lumber
Unspecified

The Current US Landscape

Country Based Tariffs



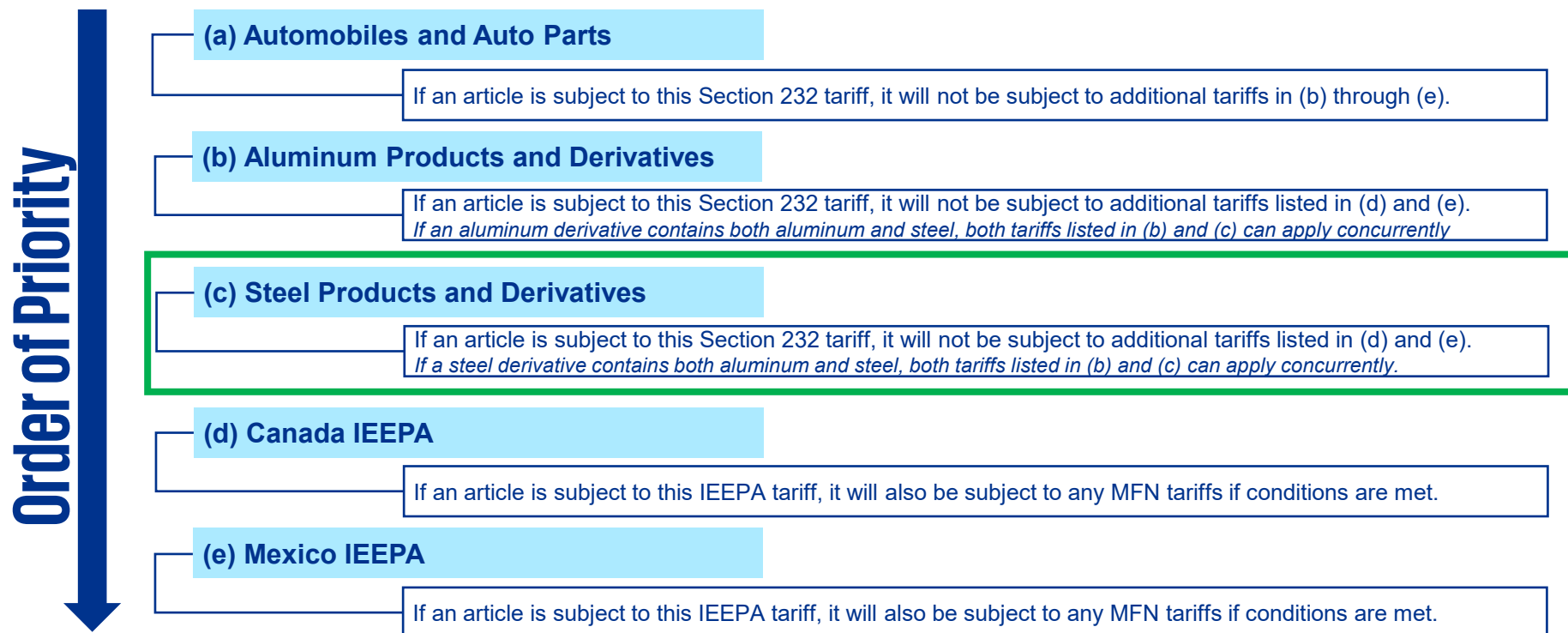
Country Specific US Reciprocal Tariff Rates (IEEPA)

On April 2nd, President Trump announced the implementation of reciprocal tariffs, effective April 9th, 2025. A standard rate of 10% will applied unless a specific rate is designated for a country as listed below. This is the status as of April 2nd, 2025, and more information will be provided as it becomes available. **Updated rate for August 1, 2025** as of July 10, 2025
Deals as of July 25, 2025

Country	Reciprocal Tariff	Country	Reciprocal Tariff	Country	Reciprocal Tariff
Algeria	30%	Iraq	30%	Nigeria	14%
Angola	32%	Israel	17%	North Macedonia	33%
Bangladesh	35%	Japan Deal 15%	25%	Norway	16%
Bosnia and Herzegovina	30%	Jordan	20%	Pakistan	30%
Botswana	38%	Kazakhstan	25%	Philippines Deal 19%	20%
Brunei	25%	Laos	40%	Serbia	35%
Cambodia	36%	Lesotho	50%	South Africa	30%
Cameroon	12%	Libya	30%	South Korea	25%
Chad	13%	Liechtenstein	37%	Sri Lanka	30%
China	34%	Madagascar	47%	Switzerland	32%
Côte d'Ivoire	21%	Malawi	18%	Syria	41%
Democratic Republic of the Congo	11%	Malaysia	25%	Taiwan	32%
Equatorial Guinea	13%	Mauritius	40%	Thailand	36%
European Union Deal ?? 15%	20%	Moldova	25%	Tunisia	25%
Falkland Islands	42%	Mozambique	16%	UK Deal 10%	10%
Fiji	32%	Myanmar (Burma)	40%	Vanuatu	23%
Guyana	38%	Namibia	21%	Venezuela	15%
India US announced 25% 30/7/2025	26%	Nauru	30%	Vietnam Deal 20%	46%
Indonesia Deal 19%	32%	Nicaragua	19%	Zambia	17%
				Zimbabwe	18%

Tariff Decision Tree 1: As of June 4, 2025

While certain tariffs can "stack" on top of one another, guidance released through an Executive Order* on April 29, 2025, clarified the administration's position that recent tariff measures do not stack



USMCA goods are not subject to 232 and IEEPA tariffs.

Court of International Trade blocks IEEPA tariffs

On May 28, the CIT issued a permanent injunction blocking President Trump's **reciprocal tariffs and fentanyl/migration tariffs** on China, Canada, and Mexico enacted under IEEPA. The Court found these tariffs were not sufficiently tied to an "unusual and extraordinary threat" as required under IEEPA.

What Comes Next?



The US Court of Appeals for the Fed. Cir. stayed the CIT's order to vacate trade action taken under IEEPA.



The plaintiffs must respond to the motions for a stay no later than June 5. The United States must respond no later than June 9th.



Section 301 tariffs on Chinese imports are unaffected.



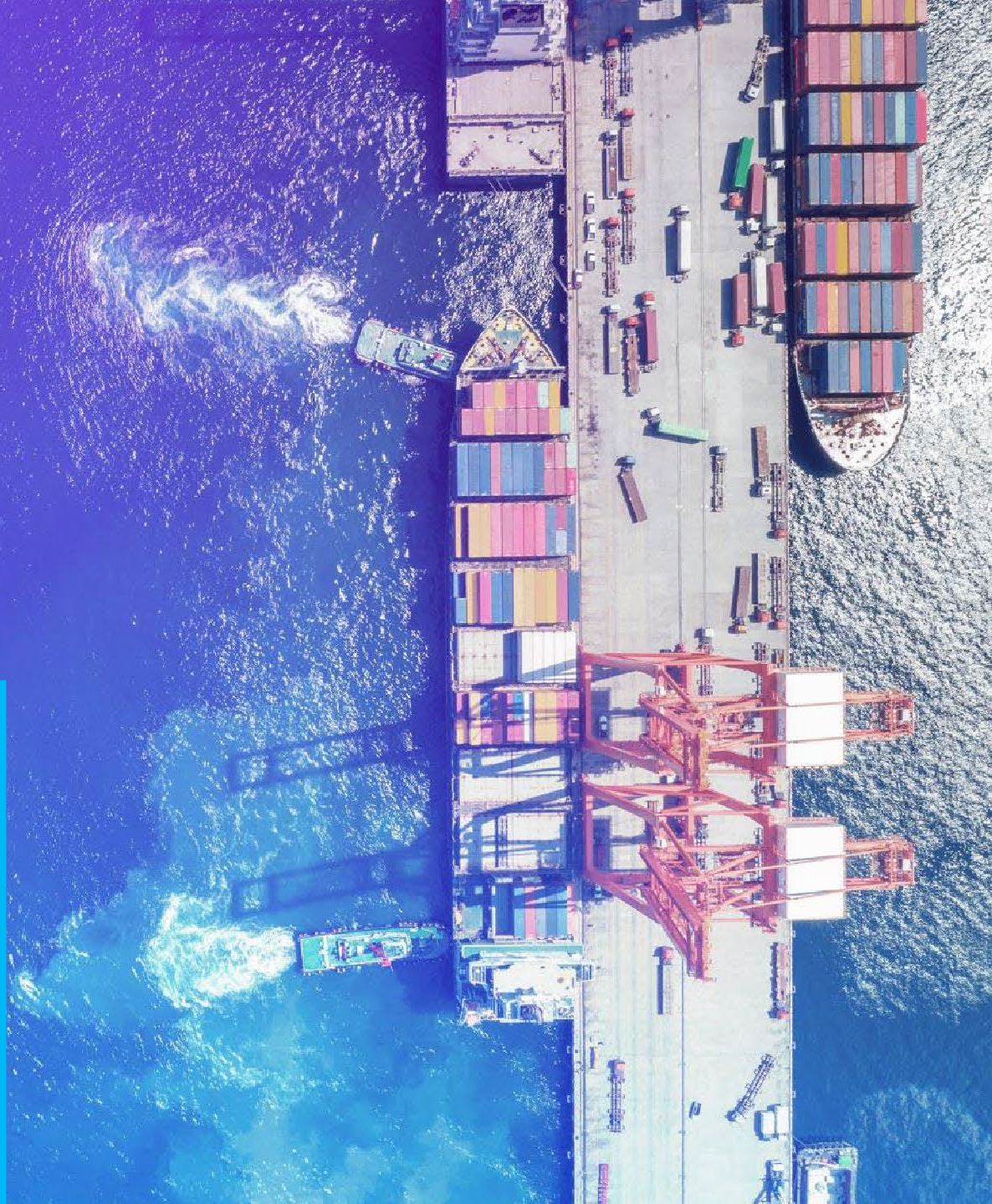
Section 232 steel/aluminum tariffs and automobile tariffs remain in effect.

Additional Court Challenges

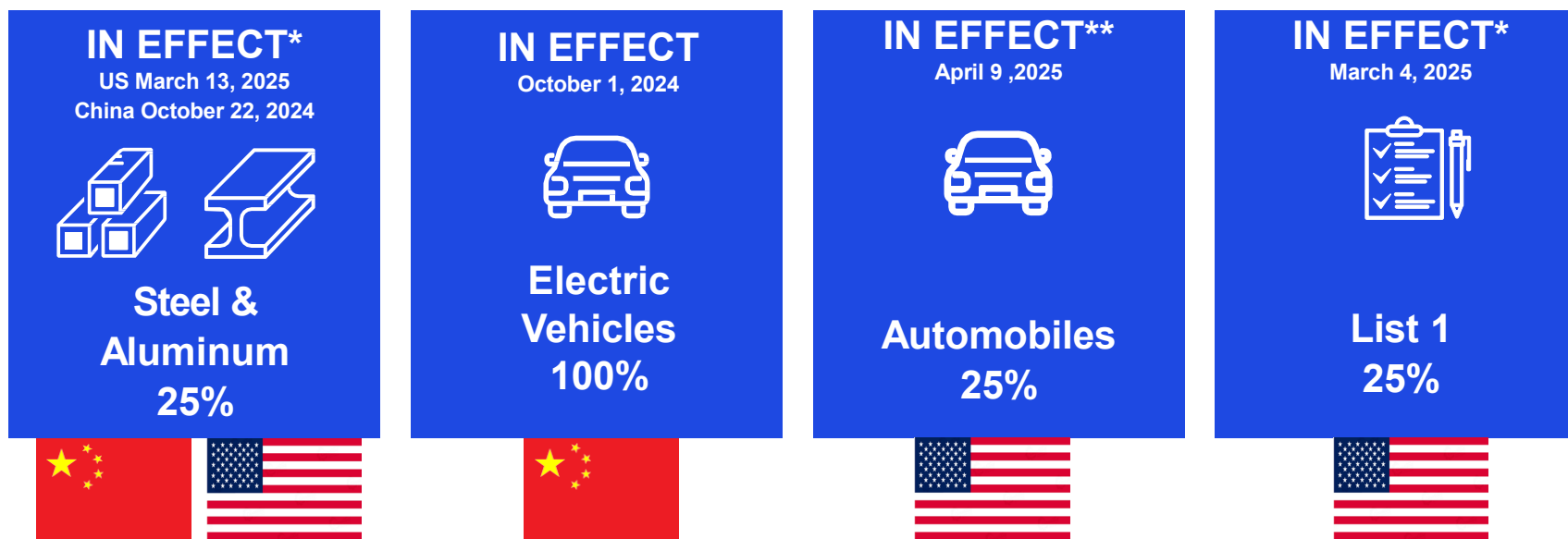
- On May 29, 2025, the DC District Court issued a *preliminary injunction* temporarily blocking the enforcement of tariffs imposed under the International Emergency Economic Powers Act.
- This occurred the day following the Court of International Trade's ("CIT") injunction on the IEEPA tariff actions.
- The DC District Court found that IEEPA does not include the power to impose tariffs, a finding that went further than the CIT's decision.
- On June 3rd, the DC District Court stayed its decision finding that IEEPA does not provide for tariffs.

It is currently unclear which court will have jurisdiction over this matter.

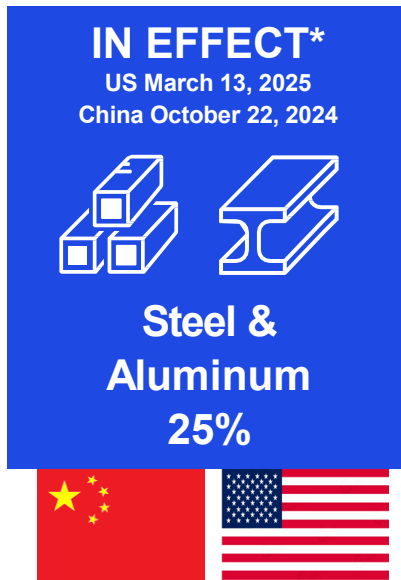
Canadian Surtaxes



The Current Landscape in Canada: Surtaxes



Canada Acts to Protect Its Steel Industry



Canada Acts to Protect its Steel Industry (June 27, 2025) Flat, Long, Pipe and Tube, Semi-Finished, and Stainless Steel

- Tariff Rate Quotas (TRQ) have been set with new 50% rate
- 100% of 2024 volumes from free trade partners, including the US, is allowed to enter Canada before extra surtax of 50% is applied on top of the 25% (effective August 1, 2025)
- 50% of 2024 volumes from non-free trade partners is allowed to enter Canada before extra surtax of 50% is applied on top of the 25% (effective August 1, 2025)
- 25% **additional** surtax will be applied against steel that is imported from any country, other than the US, if the steel is melted and poured in China (August 1, 2025?)
- Government procurement priority

**\$1
billion**

Strategic Innovation
Fund

**\$10
billion**

Large Enterprise Tariff
Loan Facility
Announced March 21st 2025

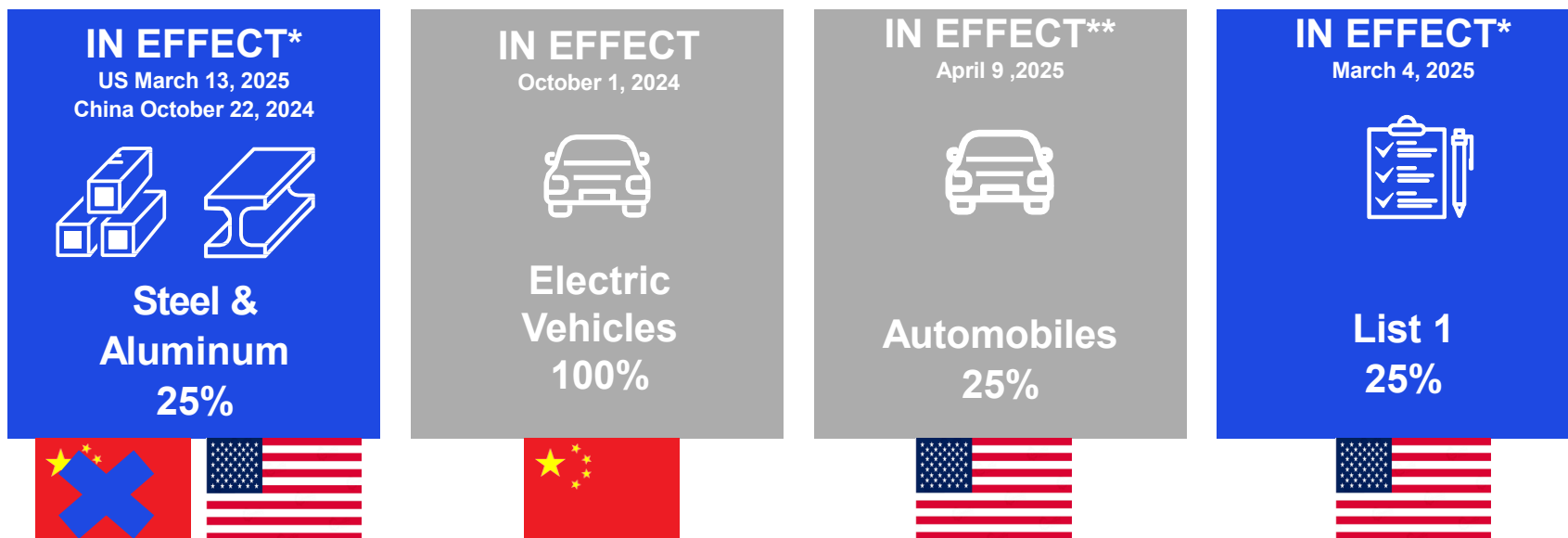
**\$450
million**

Regional Tariff
Response Initiative

**\$70
million**

Labour Market
Development
Agreements

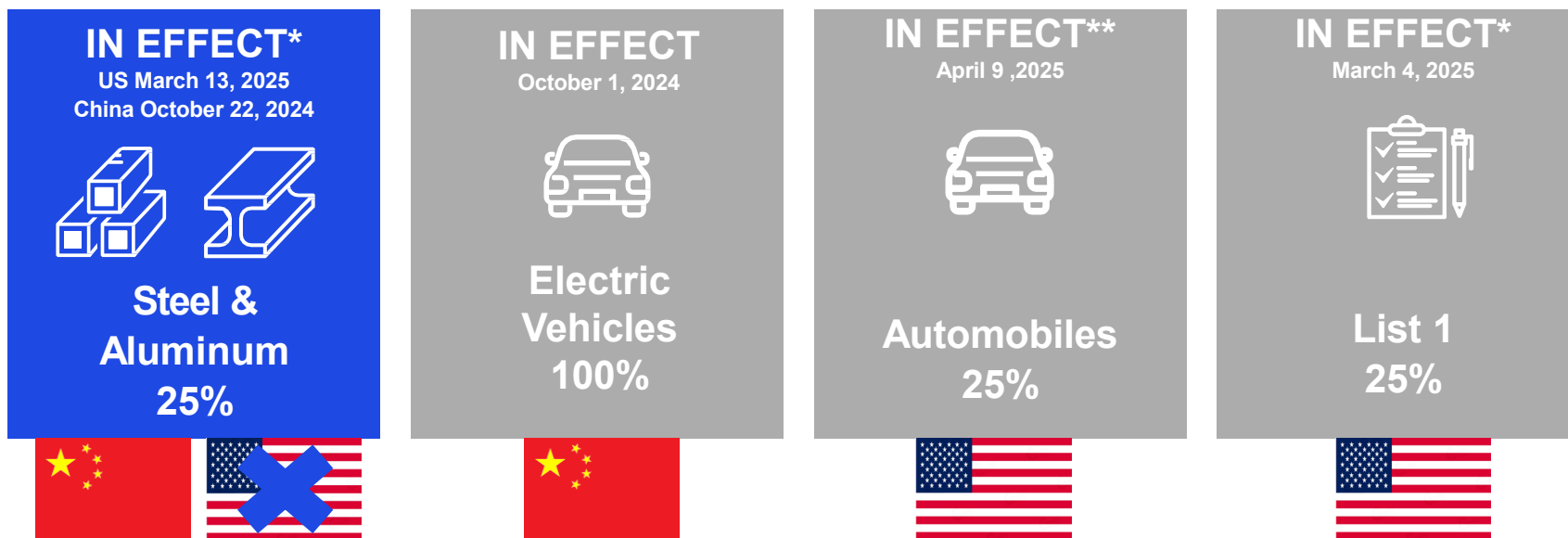
The Current Landscape in Canada: Surtaxes



Surtax Relief

- Effective April 16, 2025 to October 16, 2025 (6 months) temporary relief of surtaxes on **US imported goods that are used in Canadian manufacturing, processing** and food and beverage packaging used to support public health, health care, public safety and national security objectives. **Within 2 years from date of import, refunds of surtaxes against US goods paid can be recovered back the start of the relevant surtax action**
- **Conditions:**
 - **the good was imported** into Canada on or after the date that the respective surtax came into force and **before October 16, 2025;**
 - no other claim for relief of the surtax has been granted under the *Customs Tariff* in respect of the good; and
 - **the importer makes a claim** for remission to the Minister of Public Safety and Emergency Preparedness **within two years after the date of importation.**

The Current Landscape in Canada: Surtaxes

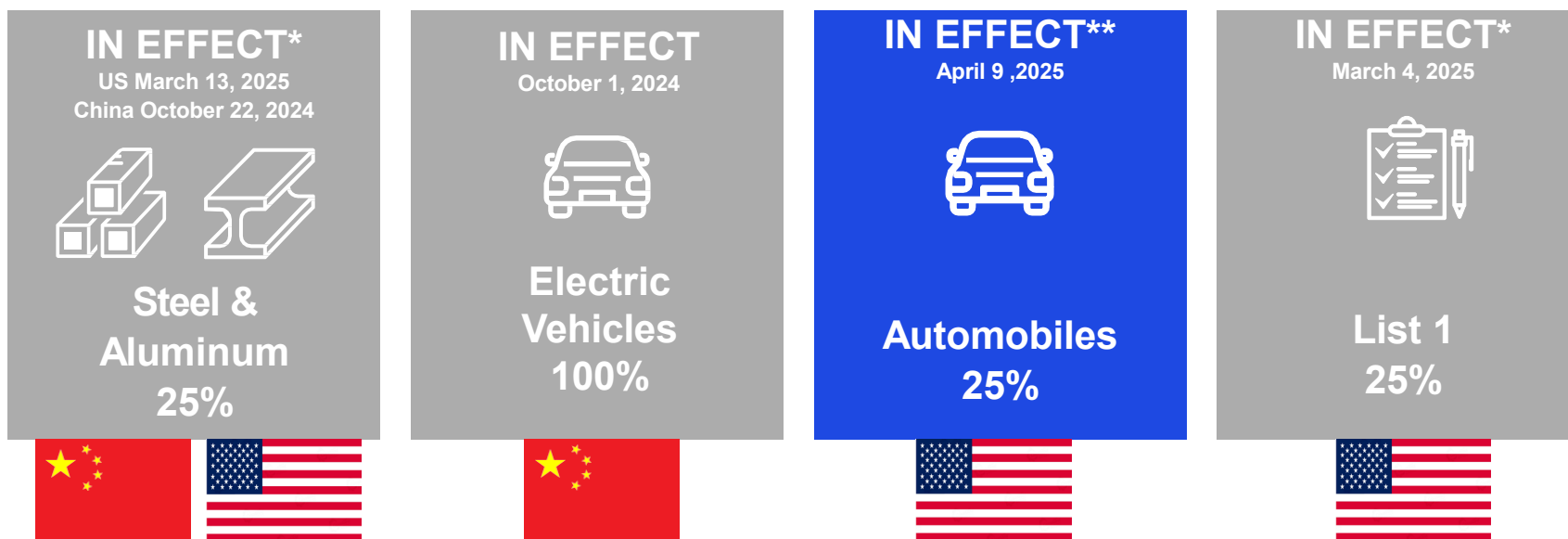


* **Effective October 22, 2024 to December 31, 2025** there is temporary relief of surtaxes on certain types of imported Chinese steel:

- If the steel HS classification number is listed In **Schedule 1**, or
- **Schedule 2**, captures Canadian importers that have been granted remission for specific HS codes that fall outside those listed in Schedule 1
- Conditions:
 - No other claim related to that good has been made for relief of the surtax
 - The good is not subsequently exported to the United States in the same condition in which it was imported
 - **The claim for remission must be made within two years of the importation**
 - In order to file a claim, all relevant documents (e.g., bill of lading, sales invoice, waybill, sales contract, etc.) must demonstrate that the imported goods match the description of one of the goods described in Schedule 1 or Schedule 2

Surtax Relief

The Current Landscape in Canada: Surtaxes

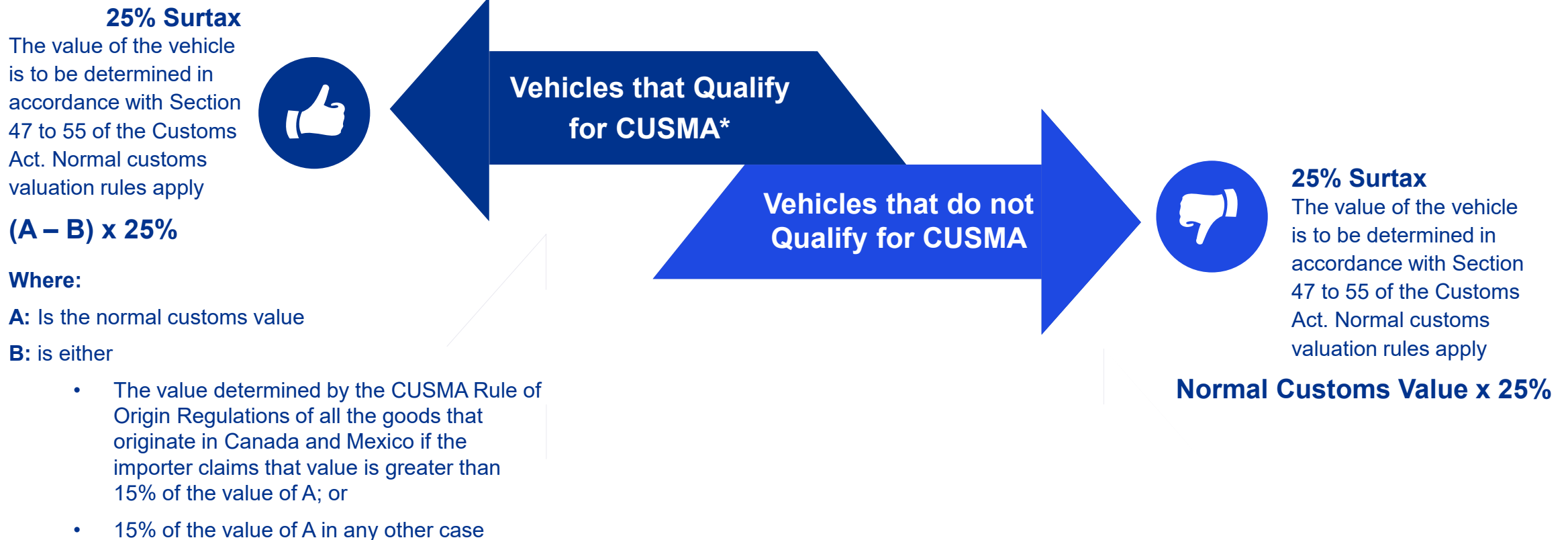


Surtax Relief

****Effective April 9, 2025 to April 8, 2026 (1 year)** Performance based remission framework for automakers – **certain number of US assembled CUSMA-compliant vehicles free of retaliatory tariffs** – OEM must keep producing and investing in Canada – any reductions will mean reduced number of vehicles imported tariff free. Exact number of vehicles allowed surtax free per OEM was not released to the public. **Two (2) year window from date of import to claim back any surtaxes paid.**

United States Surtax Order (Motor Vehicles 2025): Canada

How Canadian Retaliatory Surtaxes are Calculated Depends on Whether the U.S. Originating Vehicles Qualify for CUSMA



* **Effective April 9, 2025 to April 8, 2026** Performance based remission framework for automakers – certain number of US assembled CUSMA-compliant vehicles free of retaliatory tariffs

Canadian Government Supports for Business

EDC

\$5 Billion

To help exporters reach new markets

- Trade credit insurance
- FXG guarantee
- Bank guarantee for working capital

BDC

\$500 Million

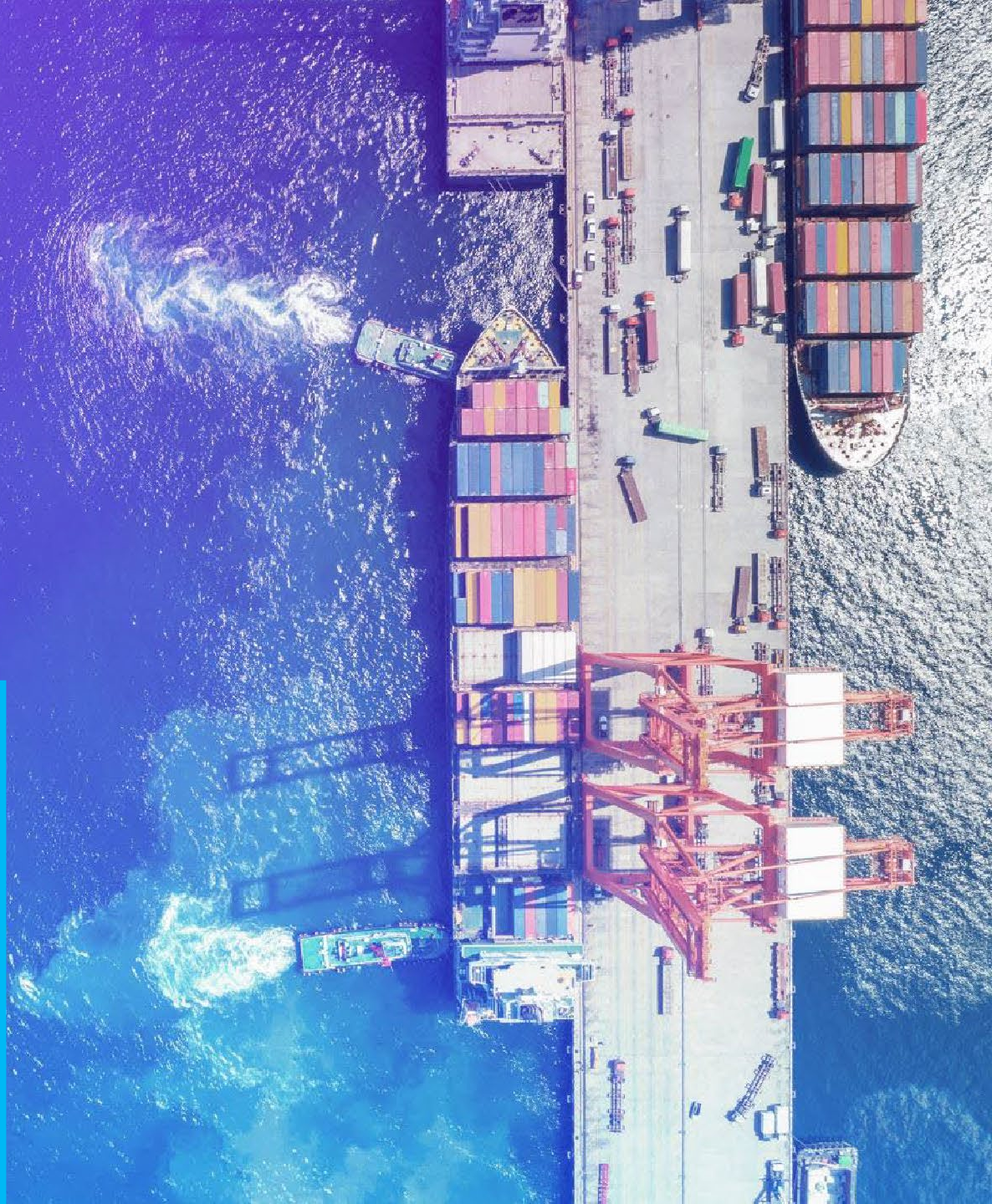
In lower cost loans and advisory services for market diversification

Farm Credit Canada

\$1 Billion

In new financing to support agriculture and the food industry

Tariff Optimization Strategies



Optimizing for Tariff Uncertainty

Managing disruption from tariffs requires a multifaceted strategy. By leveraging short and long term duty mitigation strategies, companies can optimize tariff liabilities and promote supply chain resiliency while enhancing their competitive edge in the global market.

Transfer Pricing

Reduce price paid or payable by introducing domestic or transborder intercompany sales

First Sale for Export to the US

Reduce duty costs by declaring customs value based on manufacturer's initial sales price rather than final price paid by the importer

Country of Origin Planning

Plan and manage the country of origin for goods strategically to benefit from preferential trade agreements and reduced duty rates

Cost Unbundling

Removing or “unbundling” elements from the declared customs price to facilitate a reduction in customs duties

Strategic Tariff Classification

Ensure precise and strategic classification to avoid overpayment and capitalize on favorable tariff treatments

Valuation: Post Importation Refunds

Obtain duty refunds from retroactive downward transfer price adjustments which results in a reduced customs value

Duty Drawback

Canada's Duties Relief and Duty Drawback Programs will be available to fully recover surtax paid until October 16, 2025

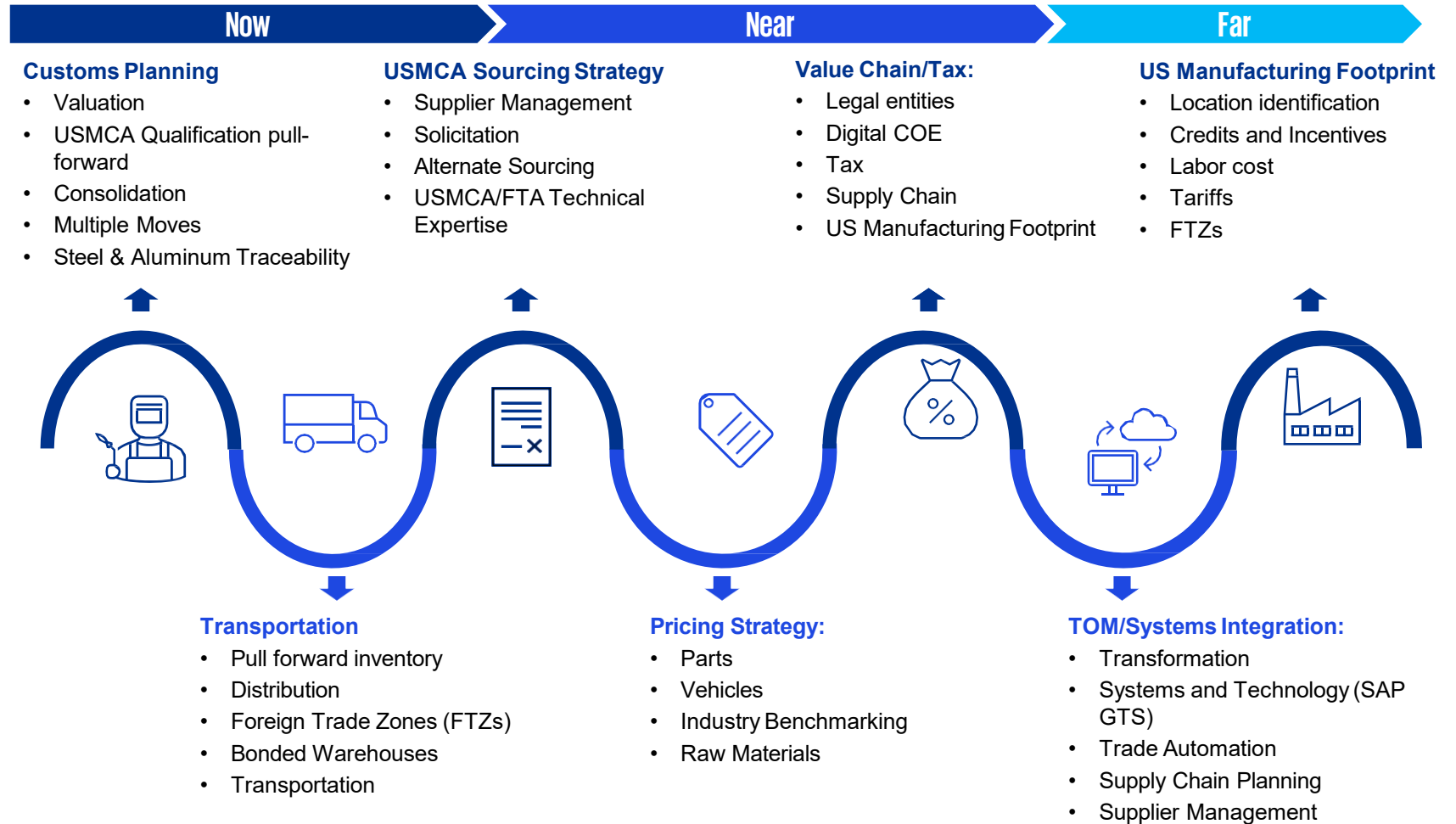
Other Strategies

Bonded warehouses, Temporary Importation Bonds, Chapter 98

Developing a tariff strategy roadmap

A tariff strategy roadmap should plan for scenarios that can make the most positive impact taking timing into consideration: now, near and far.

KPMG can help you identify, navigate and accelerate 'offramps' for the greatest value delivery.

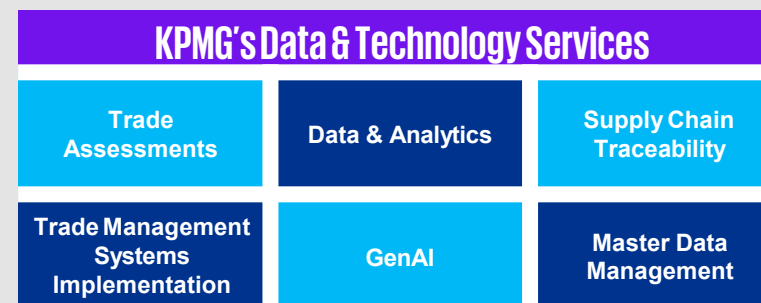


Scenario planning to strategy development utilizing insights from KPMG's "Tariff Modeler" analytics

KPMG's approach to tariff modeling leverages the latest technology, including GenAI, while considering the data needed to navigate today's global trade disruption. Digital transformation for our clients aligns your global trade data and technology with your organizational objectives.

KPMG's Tariff Modeler considers the challenges businesses face to monitor the impact of tariffs for 'today' and build for 'tomorrow'

-  **Tariff Impact Analysis**
-  **Driving and accelerating value**
-  **Supply Chain Transparency and Insight**
-  **Supports Tariff Strategy Implementation**
-  **Client Accessible Portal via Digital Gateway**
-  **Regulatory Tracking**

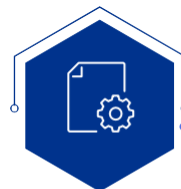


Global Trade Data Analytics

Steering Committee/ Governance

Training & SOPs

Tariff Mitigation Programs



Systems Updates

Communication Strategy

Trade Data Modeling

Origin & Tariff Engineering



kpmg.com/ca



Information is current to July 30, 2025

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