Weather the storm

How to prepare your business for tariffs at the Canada – U.S. border

1. Understand tariffs and their impacts

- Tariffs are taxes on imported goods, which increase the cost for importers; they aim to increase the appeal of domestic goods.
- Tariffs impact trade by reducing demand for foreign goods, as they become comparatively less competitive, and/or by forcing sellers to decrease their margins to absorb part or all of the tariff amount.

2. Assess your financials

- Analyze scenarios to determine how tariffs could affect your costs and margins.
- Assess your capacity to absorb revenue decreases or tariff costs.
- Review pricing strategy across all of your product lines to explore ways to mitigate the tariff impact.
- Review contracts to try to increase predictability in costs and revenues.

3. Review your operations

- Review processes to gain flexibility by reducing time and resource waste.
- Leverage technology to improve real-time business visibility and improve decision-making.
- Manage inventory by prioritizing 'just-in-case' over 'just-in-time' as a safety net.
- Engage your team to build trust and ensure alignment with your business's goals and constraints.

4. Explore market options

- Study your markets to better understand demand and U.S. competition.
- Divert business to Canada to mitigate tariffs and currency risks.
- Explore other markets by taking advantage of Canada's multiple free-trade agreements.
- Thoroughly assess risks related to relocating activities abroad: laws and regulations vary by state.

Not sure where to start?

Reach out to your trusted BDC Advisor; we are here to help!

For more informations, visit www.bdc.ca/tariffs

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