

# Canada announces retaliation for Trump's 25 percent auto tariffs

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Canadian Prime Minister Mark Carney announced Thursday that his Liberal government is retaliating against the implementation of 25 percent tariffs on automobiles manufactured in Canada by the Trump administration with a reciprocal tariff on US-made cars that do not comply with the United States–Mexico–Canada Agreement (USMCA).

Canada and Mexico both escaped the “reciprocal” tariffs that Trump imposed on most of the world on Wednesday. However, the president announced that potentially crippling 25 percent tariffs on foreign-built cars would go into effect at 12:01 a.m. Thursday, with the same tariff to be applied to non-US auto parts in May. Other economic warfare measures that Trump has already put in place against Canada include a 25 percent levy on all non-USMCA-compliant exports, a 10 percent tariff on Canadian energy exports and a 25 percent global tariff on steel and aluminum.

Trump has repeatedly suggested that Canada can avoid tariffs by becoming the “51st state,” declaring the border between the two countries to be an “artificially drawn line” and deriding former Prime Minister Justin Trudeau as “Governor Trudeau.”

Carney, the former central banker who took over as prime minister on March 14 after being elected Liberal leader and who is running for election to Parliament on April 28, declared in his remarks that the “old relationship” with the United States is over and that the push for greater economic integration had been scuttled by Trump’s latest actions.

Carney declared:

The global economy is fundamentally different today than it was yesterday. We must do extraordinary things for ourselves; we must do things previously thought impossible at speeds we haven’t seen in generations.

Carney noted:

We are living in a new world now. It will be hard on Canadians, but I have no doubt we will rise to the challenge.

Despite his rhetoric, Carney is eager to hold “comprehensive negotiations about a new economic and security relationship” with Trump in the aftermath of this month’s election, as was made clear in the readout of his discussion with the US president on March 28. Despite the bluster, the Canadian bourgeoisie is determined to maintain its critical relationship with American imperialism, demanding only that it retain its privileges as America’s junior partner and be respected as North America’s second imperialist power.

Ottawa’s 25 percent auto tariff will impact C\$35 billion (\$24.6 billion)

worth of US-assembled vehicles sold in Canada, with Carney projecting that it will raise C\$8 billion. The prime minister declared that the money raised from the new tariffs—which are ultimately a tax on Canadian consumers—will be used to support the thousands of workers who are expected to lose their jobs as a result of Trump’s tariffs.

The Canadian economy is deeply integrated with the US, feeding nearly 90 percent of its auto, steel and aluminum products into the American economy. This means that Trump’s new tariff regime will have a far-reaching and immediate impact on workers across Canada and in the provinces that produce these goods, primarily Ontario (auto and steel) and Quebec (aluminum).

On both sides of the border, the trade union bureaucracies have cheered on their respective ruling classes to implement tariffs and counter-tariffs. In the US, the United Auto Workers has openly embraced Trump’s tariffs, falsely presenting them as a boon to American workers. North of the border, Unifor, which represents autoworkers and is also Canada’s largest private-sector union, has championed reactionary Canadian nationalism and helped shape the ruling elite’s response in corporatist consultations with government representatives and corporate executives.

As they have been doing for decades, the unions are ensuring that American, Canadian and Mexican workers, many of whom work for the same company or on the same supply chain, are pitted against each other in the interests of corporate profits.

On Wednesday, global automaker Stellantis announced that it would be idling its Windsor Assembly Plant for two weeks starting April 7, impacting 4,500 workers, along with 900 layoffs at feeder plants in the US and a month-long shutdown of its Toluca Assembly Plant in Mexico, affecting another 2,600 workers. Figures from Statistics Canada released Friday showed that 33,000 jobs were lost in March, the largest decline since January 2022, driving unemployment up to 6.7 percent under the initial pressure of the tariffs and uncertainty over their impact.

The Brookings Institution projected in February that tit-for-tat tariffs between the US and Canada could result in the loss of more than 510,000 jobs—or approximately 2.5 percent of all employment in the country. The auto industry in Canada directly employs 125,000 workers, with another 380,000 working in distribution and sales. Meanwhile, the steel industry employs 23,000 and supports another 100,000 indirect jobs. While considerably smaller, with 9,500 directly employed and another 20,000 support jobs, the aluminum industry produces more than C\$12 billion in exports every year. The impact of cuts in these three key industries from sustained tariffs will ripple across Canada, affecting every community.

Canada’s first ministers have backed Carney’s retaliation on auto tariffs, with Ontario Tory Premier Doug Ford telling reporters Thursday:

To be fair to the Prime Minister, I think it’s a fair response. I appreciate all the support across the country. And it’s every premier. There are no exclusions. I’m glad to see the support of

premiers out in the West as well, because I think it's a measured response.

Alberta Premier Danielle Smith, the leader of the far-right United Conservative Party, has used Trump's trade war to press for greater privileges for her province, which is dominated by Big Oil. A supporter of Trump who has travelled to the fascist President's Mar-a-Lago estate in Florida, Smith initially welcomed Trump's "Liberation Day" exclusion of Canada from his "reciprocal" tariffs as a sign that the worst was over for Alberta and Canada. However, no doubt fearing the potential adverse impact of her comments on her federal Conservative ally's election campaign, she later told business leaders, "It's hard for me to celebrate," given the impact of the tariffs on the auto, steel and aluminum industries.

Smith's mentor and the former leader of the Reform Party, Preston Manning, penned an op-ed in *The Globe and Mail* this week threatening Western secession from the Canadian federation if a Liberal government under Carney is elected at the end of this month and does not accede to the demands of the energy conglomerates that operate primarily in Alberta and Saskatchewan. Manning called for the establishment of a "Canada West Constitutional Conference" that would consider ways to leave Canada "peacefully."

At the same time, Smith has been cozying up to Quebec's "Quebec First" Premier François Legault in a push for "provincial autonomy." Behind this phrase, whether it is advanced by Western separatists or Quebec nationalists, lies the desire of regional factions of the Canadian bourgeoisie to cut their own deals with Washington at the expense of the working class across the country.

Far-right Conservative leader Pierre Poilievre, whose Tories are running on a "Canada First" platform and are currently second to the Liberals in polling, has also declared that he is ready to hold negotiations with the Trump administration. He said that he would ask the President to pause all tariffs until a new economic deal to replace the USMCA could be reached. Like Carney, he has also stated that he is prepared to increase military spending to at least meet the 2 percent NATO target demanded by Trump.

Poilievre, who came to lead the official opposition as a Trumpian figure and was the most forthright supporter of the so-called "Freedom Convoy" that menaced Ottawa for a month in 2022, has sought to distance himself from any association with Trump amid the trade war. "In addition to unfair and counterproductive tariffs on our aluminum and steel, President Trump is now going after our autoworkers," Poilievre declared Thursday, while announcing a promise to eliminate the Goods and Services Tax (GST) on new Canadian-made vehicles.

At the same time, Poilievre made clear that he is ready to make major concessions to Trump. Packaged as a nationalist threat, Poilievre told the *Globe*:

I will be making clear to President Trump that any commitments we make that America wants to happen on defence, border co-operation and market access can and will be instantaneously withdrawn if he violates any part of the agreement.

The elimination of the GST on Canadian-made vehicles was previously proposed by New Democratic Party (NDP) leader Jagmeet Singh. The NDP has also put forward a proposal for the sale of Victory Bonds, last issued during the First and Second World Wars, supposedly to fund jobs for Canadians affected by the trade war.

The NDP said in a statement:

Money from Victory Bonds will be dedicated entirely to getting Canadians to work building public infrastructure like: roads, rail, housing, waterworks, ports, that we will own for generations. ... We are in a trade war, and just like other wars, we will use Victory Bonds to support the trade war effort.

The social-democratic NDP, which has propped up the big business Liberal government in one form or another for nearly a decade, is playing—along with the union bureaucracy—the most bellicose role in pumping up Canadian nationalism and boosting militarism in response to Trump's tariffs. They have committed to spending 2 percent of GDP on the military, with the proviso that it be "Made in Canada," including a new fleet of fighter jets.

Already, the Business Council of Canada has declared 2 percent to be insufficient, calling instead for the Canadian government to commit 3 percent of GDP to military spending—a move that would come at the expense of tens of billions of dollars in social spending. On Thursday, US Secretary of State Marco Rubio told a meeting of NATO foreign ministers that all member states should target for military spending equivalent to 5 percent of GDP.

As for the NDP's union sponsors, top bureaucrats have taken key positions on the Liberal government's trade war advisory council. The Canadian Labour Congress and Unifor have been proposing various economic nationalist plans for Canadian capitalism, including in the defence and aerospace industries, and advocating for the most aggressive response to Trump's tariffs with counter-tariffs that will hit workers on both sides of the border. As Unifor, Lana Payne put it in early March, Canada needs an "economic call to arms."

The development of the trade war is bound up with the drive to world war. American imperialism, in its deepening economic crisis, is seeking to bring all of North America—from the Panama Canal to Greenland—under its direct control in preparation for war against all its major rivals, above all, China but also Russia and potentially the European imperialist powers. It is urgent that workers across Canada oppose all the various camps of the bourgeoisie as they scramble to respond to and strike a new deal with American imperialism.

The working class must develop an independent counteroffensive, on the basis of an internationalist socialist program, in the closest unity with workers in the US, Mexico and beyond. This requires the building of rank-and-file committees in every plant, workplace and neighbourhood to develop a strategy for united action. Only in this way can workers fight back against the assault on their jobs, living standards, and the drive to world war.

This is the perspective being fought for by the International Workers Alliance of Rank-and-File Committees (IWA-RFC) and the Socialist Equality Party (Canada) in the closest collaboration with its co-thinkers in the International Committee of the Fourth International (ICFI).



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