Member Explainer

U.S. Tariffs Threats and What It Means to B.C. Businesses

Brought to you by the Whistler Chamber and the BC Chamber

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On July 20, 2026, the U.S. administration signed proclamations imposing new 50 per cent tariffs on a range of Canadian goods, including dairy, wine and whiskey, cement, candles, plastics, and furniture, set to take effect August 19. Three days later, on July 23, Washington announced further tariffs tied to forced-labour practices, applying to Canada alongside roughly 60 other economies.

Here is an overview of how these trade developments and government actions affect B.C's key business sectors.

Industry Breakdown and B.C. Sector Impacts

The table below shows which industries are affected, where in B.C. they're concentrated, and what impact this could have on their business:

Sector & Impact Level	Products	Where/How This Hits B.C.	Projected Business Impact
Forestry & Wood Products *(HIGH IMPACT)*	Plywood, engineered wood*, veneered panels, doors, frames, fencing.	• **Interior & North:** Dimension lumber and pulp integration face immediate mill curtailment risks. • **Coastal:** Higher-cost operations face profits eroding quickly. • Value-added goods face added cost pressure on top of existing softwood lumber duties.	• Export-oriented mills face reduced competitiveness. • Downstream housing supply manufacturers impacted. • Direct hit to B.C.'s largest export category tied to U.S. construction cycles.
Pulp, Paper & Packaging *(HIGH IMPACT)*	Chemical wood pulp, writing paper, tissue, packaging cartons, boxes, bags.	• **North Coast, Interior & Island:** Heavy reliance on bulk commodity exports limits the ability to pass through tariff costs. • Cross-border food and e-commerce supply chains rely directly on these packaging flows.	• Reduced profit margins in an already volatile market. • Direct disruption to packaging supply chains linked to cross-border logistics

**Note: Effective July 31, 2026, Canada imposed a provisional 25% surtax on imported wood cabinets and vanities to protect domestic manufacturers during an ongoing safeguard inquiry.*

Sector & Impact Level	Products	Where/How This Hits B.C.	Projected Business Impact
Alcoholic Beverages *(HIGH IMPACT)*	Wine (still/sparkling), spirits, craft beer, fermented beverages.	• **Okanagan, Fraser Valley, Vancouver Island:** Export-oriented wineries face immediate exposure with limited alternative distribution channels. • Direct risks to South Okanagan grape growers and regional wine tourism.	• Immediate U.S. market loss that is difficult to offset with domestic demand. • This is a sensitive issue while trade talks continue.
Agriculture & Greenhouses *(HIGH IMPACT)*	Cut flowers, dormant bulbs, nursery stock, seeds, hops, natural honey.	• **Fraser Valley & Lower Mainland:** High energy and labor fixed costs create an immediate margin squeeze. • Highly perishable goods reliant on U.S. West Coast markets face waste risks if delayed.	• Loss of U.S. West Coast market share for floriculture and perishables. • High vulnerability due to low storage flexibility.
Dairy Products *(HIGH SENSITIVITY)*	Milk powders, butter, specialty cheese, dairy ingredients.	• Fraser Valley: Farm-level exposure; supply management limits direct export exposure, but ingredient exports remain vulnerable.	• This is a sensitive topic during trade talks. • Feed and input tariff spillovers raise overall production costs.
Light Manufacturing & Construction Materials *(MODERATE IMPACT)*	Cement, plaster, glass containers, tools, windows, doors, furniture.	• **Lower Mainland:** Small-to-mid manufacturing hubs face input cost shocks. • These added costs increase overall construction and renovation input costs across B.C.	• Higher overall material costs for housing construction. • Compounded housing affordability pressure.

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Industrial Machinery & Equipment *(MODERATE IMPACT)*	Packaging machinery, cranes, compressors, mining/forestry turbines	• **Interior & Northwest:** Resource industries (mining, forestry, agri-processing) depend heavily on imported capital equipment.	• Higher capital costs for equipment upgrades. • Slower upgrades and investment in major resource operations.
Plastics & Bioplastics *(MODERATE IMPACT)*	PLA biplastics, self-adhesive films, plastic crates, food closures.	• **Metro Vancouver:** Regional hub for sustainable packaging and recycling innovation. • Disruption to cross-border integration for food processors.	• Supply chain bottlenecks for regional food exporters. • Cost increases cascading into e-commerce logistics.
Electronics & Telecom *(MODERATE / INDIRECT)*	Hardware, data transmission equipment, monitors, semiconductors.	• **Vancouver Tech Hub:** B.C. is predominantly import-dependent rather than hardware-manufacturing-heavy.	• Increased hardware input costs for technology startups. • Potential deployment slowdowns for 5G and data center infrastructure.
Consumer Goods & Retail *(MODERATE IMPACT)*	Household items, sporting goods, packaged foods, retail items.	• **Gateways (Port of Vancouver, YVR):** Logistics shifts and volume volatility across import/export gateways.	• Shrinking profit margins across regional retail networks. • Direct consumer price increases across imported goods.

Sector & Impact Level	Products	Where/How This Hits B.C.	Projected Business Impact
Textiles & Apparel *(LOW–MODERATE)*	Fabrics, technical textiles, finished apparel.	• B.C. footprint is primarily design, HQ, and brand-driven rather than local manufacturing.	• Minimal direct manufacturing job loss in B.C. • Import cost increases may translate to retail price hikes.
Marine & Transport Equipment *(NICHE / RELEVANT)*	Floating docks, vessels, marine infrastructure components.	• **Lower Mainland Land Borders:** Administrative friction and customs clearance slowdowns at key crossings (e.g., Pacific Highway/Blaine).	• Elevated tariff compliance costs. • Administrative delays for freight forwarders and logistics operations.

What to Watch For and What Businesses Can Do

The trade picture is moving quickly. Staying on top of what's ahead and what to do about it is critical. Here's a look at key dates over the coming months, along with practical steps B.C. businesses can take now.

What's Coming

- August 19, 2026: New 50% tariffs take effect on the goods listed above.
- Ongoing: Bilateral talks between Canada and the U.S. toward a broader trade agreement continue, alongside the possibility of federal counter-tariffs or tax relief if talks stall.
- End of 2026: Target date for an agreement-in-principle on mutual recognition between provinces.
- February 2027: B.C.'s target date to allow direct-to-consumer, out-of-province wine sales.
- Spring 2027: Digital credential verification for tradespeople rolls out across Canada.

What Businesses Can Do Now

- Review your exposure: Check whether your products, suppliers, or customers touch the newly tariffed categories, or depend on imported goods that could see cost increases.
- Explore selling within Canada: Interprovincial mutual recognition and aligned building codes may make it easier to sell into Alberta, Ontario, or other provinces without duplicate approvals.

- Look beyond the U.S.: Federal trade programs like the Team Canada Trade Hub, along with provincial trade missions, can help you explore markets in the Indo-Pacific and Europe.
- Plan ahead of August 19: If you import or export tariffed goods, build the added cost into your planning now rather than after the deadline hits.
- Make your voice heard: Tell your local chamber how these tariffs are affecting your business. Member input shapes the BC Chamber's advocacy with government as these trade talks evolve.