

## Trudeau's retaliatory tariffs aim to hit Republicans where it hurts

Daniel Dale

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WASHINGTON—Bruce Bascom's maple syrup company does about \$500,000 (U.S.) in annual sales to customers in Western Canada.

As of Sunday, those sales will get harder.

In response to President Donald Trump's tariffs on Canadian steel and aluminum, Prime Minister Justin Trudeau's government is imposing tariffs on 235 U.S. products. One of the products is maple syrup.

Suddenly, Bascom Family Farms syrup will become 10 per cent more expensive for Canadians to import. Which means its Canadian customers may decide to look elsewhere, Bascom said, unless he takes a hit to keep them happy.

"They can buy Canadian and save the 10 per cent tariff, or they can buy American, which is what they have been doing, and pay more. So I suspect we're going to have to compromise and lower our prices," said Bascom, 68, a fifth-generation maple syrup producer. "It's going to cost us quite a bit of money."

Trudeau is intending to create such pain.

Bascom's 75-employee company is located in New Hampshire, a swing state in presidential elections. Canada's list of tariffs has been designed to damage American businesses in politically important and Republican-leaning parts of the country, theoretically creating pressure on Trump to drop his own tariffs.

"The only way to get the Trump administration to yield is to make it painful enough for middle-class Americans, and thus the politicians that represent middle-class Americans, to force them to do something," said Eric Miller, president of the Rideau Potomac Strategy Group, a U.S.-Canada consultancy.

It is far from clear that anyone will budge.

Trump has so far been willing to ignore the pleas of foreign leaders, business titans and congressional Republicans on trade. And even anti-tariff elected Republicans have largely been deferential, wary of opposing a president popular with party voters.

“Strategically targeted retaliation can be effective. But it depends on the calculations of the member or senator being targeted whether it will sufficiently move the dial ... We’re still waiting for Congress to grow a spine,” said Dan Ikenson, director of trade policy studies at the libertarian Cato Institute.

Miller said there is a purpose to Canada’s retaliation even if Trump keeps these tariffs: making clear to the president that Canada is willing to respond forcefully to the automotive tariffs the president is now contemplating.

Canada’s retaliation list includes whiskey, a famous export of Republican Senate Majority Leader Mitch McConnell’s Kentucky, and frozen pizza, produced by several companies in House Speaker Paul Ryan’s Wisconsin.

And it includes toilet paper. Mehoopany, Pa., a tiny community represented by Republican congressman and Senate candidate Lou Barletta, is home to a massive Procter & Gamble plant that makes Charmin toilet paper.

Pennsylvania, a state key to Trump’s victory, is also targeted by the tariffs on chocolate and licorice, both made by the Hershey Co.

“We make products in the United States that are exported to Canada and we also make products in Canada that are shipped to the United States. While we are disappointed the issue has not been resolved yet, we remain committed to working with both countries to find a reasonable path forward,” said Hershey spokesperson Jeff Beckman.

Canada’s tariff on ketchup achieves a double whammy: it is made by Pennsylvania-based Heinz at a plant in a Republican-leaning part of Ohio, another Trump bastion and one of the country’s top steel-producing states. Even Ohio’s Democratic senator, Sherrod Brown, supports Trump’s tariffs.

“As a global food company, Kraft Heinz opposes trade policies that impose taxes or tariffs on our products,” said spokesperson Michael Mullen.

Trudeau’s tariffs will not only be hitting corporate giants. The tariffs on “prepared meals, of bovine” — convenience items like ready-to-eat beef sandwiches — will hit small companies specializing in these items, said Joe Schuele, spokesperson for the U.S. Meat Export Federation.

Schuele said \$164 million of last year’s \$800 million in U.S. beef exports to Canada will be affected by the tariffs. “There may be a tendency to look at it from an industry-wide impact, which may seem modest, but its impact on a certain segment of the U.S. beef industry will be quite significant,” he said.

Canada’s tariffs on U.S. steel items will be 25 per cent, the same as Trump’s tariffs on Canadian steel. Canada’s tariffs on U.S. aluminum and other items will be 10 per cent, the same as Trump’s tariffs on Canadian aluminum.

Among the U.S. items on the 10 per cent list: mattresses, dishwashers, motorboats, candles, cucumbers, strawberry jams, soups, aftershaves, insecticides, lawn mowers, nails, mineral waters, postcards, sleeping bags, pillows, kitchen tables and tablecloths.

Canada's tariffs will also cause pain to Canadian consumers, who will likely see price increases on at least some of the U.S. products. And however well targeted, they will also hit Trump opponents in liberal states.

David Marvin, founder of Butternut Mountain Farm in Vermont, supplies maple syrup to a private-label company in Canada.

Because that company's thin margins don't give it any room to accept a 10 per cent tariff, Marvin said Butternut Mountain is probably going to have to surrender the business at least temporarily — making a deal with a friendly competitor in Quebec to supply the Canadian firm until the tariff goes away.

He said he is "frustrated," though the Canada sales represent less than 1 per cent of his total. But the source of his frustration is Trump, not Trudeau.

While he wants Trudeau to drop the tariff, he said, "Fair is fair."

"It's just horrible when our best friends are treated like this," Marvin said. "I understand why there is some retaliation."