

New Canada Tariffs Could Raise Prices in the U.S.

A trade fight between close neighbors may affect goods from hockey sticks to farm products.



Two trucks wait at a border crossing with goods in their trailers as a symbol of a trade dispute.

New 50% U.S. tariffs on many Canadian goods went into effect Saturday after last-minute **trade** talks failed, according to reporting by the Associated Press published by PBS Newshour. A **tariff** is a tax on an imported good, meaning something brought into one country from another. These new taxes are expected to affect about 5% of Canada's yearly **exports** to the United States, or about \$20 billion in goods.

The products named by the Trump administration include hockey sticks, wine, cement, honey, seeds, farm products, some makeup, perfumes, clothing, jewelry, furniture, cameras, and fabric. Canada sells most of its exported goods to the United States; last year, 72% of Canada's goods exports went south across the border. That makes the U.S. market especially important for Canadian businesses and workers.

Canada's prime minister, Mark Carney, said Canada will answer with "dollar for dollar" retaliatory measures starting Sept. 8. Retaliatory measures are actions taken in response to another country's action. Canada's planned tariffs would target U.S. goods including steel, dairy, appliances, farm equipment, pulp and paper, and

electronics. That means both countries may tax more goods coming from the other side of the border.

This matters because tariffs are usually paid first by **importers**, the businesses that buy goods from other countries. But businesses often pass some of that cost to shoppers by raising prices. Experts quoted in the article warned that higher tariffs can affect many **industries** and **households**. For someone in middle school, this can show up in the price of sports gear, food, clothing, or other items families buy.

The fight also matters because the United States and Canada have long been close trade partners. Trade is the buying and selling of goods and services, and international trade connects farms, factories, stores, and families across borders. When countries raise tariffs on each other, it can become a trade war, a cycle in which each side adds more **barriers** and costs. The article says no further talks are currently scheduled.

The new tariffs also raise questions in **government** class. President Trump used Section 338 of the Tariff Act of 1930, an old law from the Great Depression, the worldwide economic disaster of

the 1930s. That section allows a president to put tariffs as high as 50% on **imports** from countries accused of treating U.S. businesses unfairly. The AP reports that this part of the law had not been used before in this specific way to raise tariffs, so courts may be asked to decide whether the move is legal.

Another important part is the U.S.-Mexico-Canada **Agreement**, a trade pact that sets rules for

trade among the three countries. Some goods now facing the 50% tariff had been protected under that agreement. That could make businesses wonder how reliable trade rules are when governments disagree. The bigger question is not only whether one side can win a tariff fight. It is who pays the cost while the fight continues.

Written from reporting by PBS NewsHour.

THINK IT THROUGH

1. When a country uses tariffs to pressure another country, what benefits might leaders hope for, and what costs might ordinary families and businesses face?

2. Should presidents have broad power to raise tariffs quickly, or should Congress and courts have a larger role before major trade changes happen?

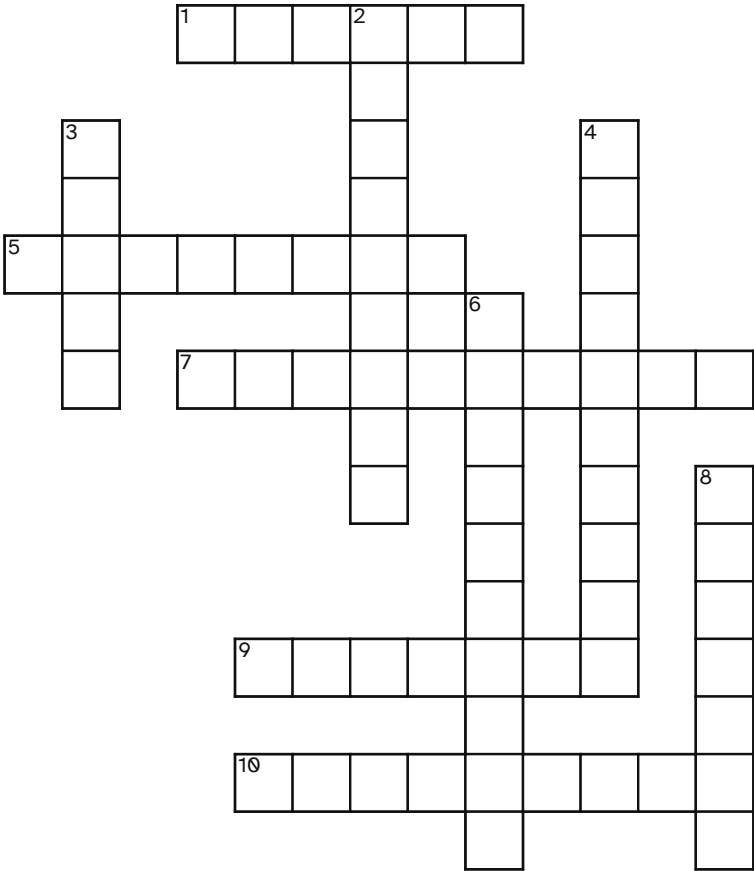
3. If two close trading partners enter a trade war, what kinds of information would you want before deciding which side made the better choice?

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AGREEMENT BARRIERS EXPORTS GOVERNMENT
HOUSEHOLDS IMPORTERS IMPORTS INDUSTRIES TARIFF
TRADE

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ACROSS

- 1 Government tax on goods entering from another country
- 5 Rules or fees that make business between countries harder
- 7 System of leaders and institutions that makes and enforces laws
- 9 Goods sent to another country for sale
- 10 Formal deal in which groups accept the same rules or plans

DOWN

- 2 Businesses that buy foreign products to sell at home
- 3 Buying and selling of goods and services
- 4 People sharing a home and daily expenses
- 6 Groups of businesses making similar products or services
- 8 Goods brought into a country from abroad

Where this came from

This article was written for 3andB from the reporting below. It is not a reprint — the wording is ours and the facts are theirs.

PBS NewsHour

“What to know about Trump's 50% tariffs on Canadian goods that just went into effect”

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<https://www.pbs.org/newshour/economy/what-to-know-about-trumps-50-tariffs-on-canadian-goods-that-just-went-into-effect>

WHAT IS IN THIS PACKET

The article and its discussion questions, a word search, and a crossword.

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