August 27, 2026

Hon. Howard Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

Re: Tariffs and the U.S.-Canada economic relationship

Dear Secretary Lutnick:

On behalf of the Border Trade Alliance (BTA), we write to express our deep concern about the new 50% tariffs imposed on approximately $20 billion in Canadian goods and to urge the United States and Canada to return to the negotiating table before this dispute inflicts further damage on businesses, workers, and consumers on both sides of the border.

The BTA has long supported policies that strengthen North American economic integration and enhance the competitiveness of the United States, Canada and Mexico. Our members include a broad cross-section of the North American economy, from manufacturers to agricultural producers, beer and spirits makers, logistics firms, infrastructure developers, and more, so we are keenly attuned to the health of U.S. cross-border trade relationships.

We were strong proponents of the original North American Free Trade Agreement and cheered President Trump's negotiation and adoption of the United States-Mexico-Canada Agreement. Few economic relationships better demonstrate the benefits of the integration delivered by USMCA than the one between the U.S. and Canada. In 2025 alone, bilateral trade in goods and services totaled more than $872 billion.

Over decades of increasingly open trade, American and Canadian businesses have built deeply integrated supply chains in which raw materials, components, and finished products routinely cross the border as part of the production process. USMCA built upon that integration and established rules intended to make North America a more competitive place to invest, manufacture and create jobs.

USMCA brought North American trade into the 21st century. A steep tariff regime on one of the U.S.' closest trade partners, not to mention a neighbor and ally, threatens to unwind that progress.

Tariffs are taxes paid by importers, and their costs inevitably work their way through supply chains. American manufacturers that depend on Canadian inputs will face higher costs. Some of those costs will be absorbed by businesses, reducing their ability to invest and hire, while others will be passed along to American consumers. Particularly troubling is the potential effect on industries for which readily available domestic substitutes simply do not exist. The U.S., for example, consumes far more primary aluminum than it produces and relies heavily on Canadian supply.

Continued

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Canada has announced its intention to impose its own retaliatory tariffs on U.S.-made goods, which compounds the problem. Tariffs of up to 50% on hundreds of American products, including steel, aluminum, electronics, dairy and food products, will make those U.S.-made goods dramatically less competitive in the Canadian marketplace, negatively affecting American manufacturers and producers. This tit-for-tat trade policy raises costs, disrupts commerce, and makes North America less competitive relative to the rest of the world, undermining the very goals of USMCA.

We are also concerned by the increasing tendency to view bilateral trade deficits as evidence that a trading relationship is inherently unfair or unsuccessful. The BTA believes strongly that a trade deficit should not be viewed as a scorecard. Trade deficits do not tell us whether purchases of Canadian goods benefited American consumers and businesses, whether they supplied critical inputs to U.S. manufacturers, or whether the overall trading relationship supports investment, productivity and jobs. We believe the better measure of a trade relationship is whether it expands opportunity, improves competitiveness, and allows businesses and consumers to obtain the goods and inputs they need at competitive prices.

The United States, Canada, and Mexico spent decades constructing a North American trading system designed to reduce barriers, facilitate commerce, and make the continent more competitive. USMCA should remain the foundation for resolving disagreements among the three countries, not be eclipsed by escalating tariffs that discourage investment and inject uncertainty into cross-border commerce.

The BTA recognizes that the United States has legitimate interests to advance in its commercial relationship with Canada and that difficult issues will arise between even our closest trading partners. Those disagreements should be addressed through negotiation and the mechanisms established under USMCA rather than through a cycle of tariffs and retaliation.

We urge the administration to reengage with its Canadian counterparts, seek a negotiated resolution to the outstanding issues, and remove these new tariffs before the economic damage spreads further.

North American economic integration under USMCA and its predecessor NAFTA has been an enormous strategic advantage for the United States. At a time of intense global competition, our objective should be to strengthen that advantage.

Sincerely,

Pete Sepulveda, Jr. Chairman	Britton Mullen President

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