

TEC Canada Research

The potential tariffs on Canadian imports to the U.S. highlights escalating trade tensions and increasing uncertainty around market conditions and regulations, challenging Canadian SMEs.

TEC Canada has developed this exercise workshop to help members systematically assess key risks, focus on high-priority issues, and make informed decisions amidst the tariff threat. With all the tariff-related noise flooding the web, this tool can act as a filter, helping members understand the topics and challenges most relevant to their business and seek out relevant insights. Follow the below steps to conduct your own risk assessment on tariff impacts for your business.

Step 1

IDENTIFYING RISKS

First begin by identifying key risks posed to your business by the anticipating 25% tariff on Canadian imports to the US. Identifying and assessing these risks will allow you to allocate resources effectively, understand your businesses vulnerability, and implement strategies or gain proper insights to maintain stability.

Consider the following categories when identifying risks associated with tariffs:

Procurement & Production	Supplier & Distribution	Demand & Revenue	Regulatory & Compliance	Labour & Workforce
Rising costs of raw materials, increased manufacturing expenses, and the challenge of maintaining competitive pricing.	Dependency on single suppliers, delays in cross-border logistics, and the need for warehousing solutions.	Decreasing demand from U.S. clients, shifting buyer preferences, increased competition from non-Canadian suppliers, and reduced buying power due to a weaker Canadian dollar.	Additional tariffs, evolving compliance requirements, and legal complexities in trade agreements.	Workforce reductions, talent retention challenges, and potential shifts in operational structure due to trade uncertainty.

Use a table to list off and describe the risks while evaluating their likelihood and impact on a low, medium, and high scale, helping to prioritize areas requiring immediate attention and strategic planning. The table below provides an example of how to categorize and assess potential tariff risks specific to your business.

Risk Category	Specific Risk Description	Likelihood	Impact
Procurement & Production	Increased cost of raw materials due to tariff	High	High
Demand & Revenue	Loss of U.S. customers	Medium	High
Supplier & Distribution	Need for new U.S.-based suppliers	Medium	Medium
Regulatory & Compliance	Potential for additional compliance costs	Low	Medium
Labor & Workforce	Potential layoffs due to decreased demand	Medium	High

Step 2

CONDUCTING RISK ASSESSMENT MATRIX

With key risks identified, use the Risk Matrix to assess their significance and prioritize action. High-likelihood, high-impact risks demand immediate mitigation, while lower-likelihood but high-impact risks should be managed through contingency planning.

Likelihood/Impact	Low Impact	Moderate Impact	High Impact
Unlikely	Low Risk		
Likely		Moderate Risk	
Highly Likely			High Risk

Step 3

PRIORITIZING KEY RISKS

Now that you have mapped out your risks, choose the three most important risks from your matrix and use them to guide your decision-making. These key risks should shape how you navigate information, determine where to focus your efforts, and identify areas of vulnerability that require immediate action.

As trade dynamics evolve, businesses must remain agile and adaptable to evolving trade conditions. Use the worksheet on the next page to apply this risk assessment prioritize key challenges and develop strategies for long-term resilience.

IDENTIFYING RISKS

Risk Category	Specific Risk Description	Likelihood	Impact

RISK ASSESSMENT MATRIX

Likelihood/Impact	Low Impact	Moderate Impact	High Impact
Unlikely	<i>Low Risk</i>	<i>Low Risk</i>	<i>Moderate Risk</i>
Likely	<i>Low Risk</i>	<i>Moderate Risk</i>	<i>High Risk</i>
Highly Likely	<i>Moderate Risk</i>	<i>High Risk</i>	<i>Critical Risk</i>

PRIORITIZING KEY RISKS

Identify your three most important risks and use them to guide your discussions on mitigation strategies, strategic planning, information gathering and more.

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