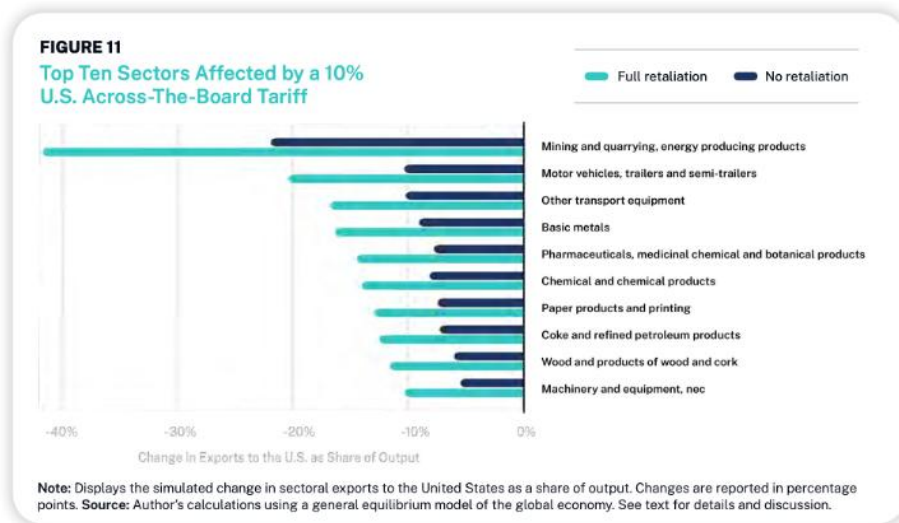


The inauguration of President-Elect Donald Trump is only a few days away, and one of his first campaign promises was to impose a 25% tariff on all goods imported from Mexico and Canada, as well as other countries. They are expected to take effect on **January 20th, 2025**, the first day of the new president’s administration. However, this timing not locked down as things may depend on whatever legal process is used to implement the tariffs. If emergency powers are invoked, the tariffs could be imposed much faster – but such a move would be subject to court challenges.

As it currently stands, the digital advertising world and industry are **not directly impacted** by the tariffs. Digital goods (such as digital advertising products, videos, and software) are protected under the **CUSMA/USMCA trade agreement, article 19.3**. CUSMA/USMCA is set to be renegotiated in 2026. This agreement prohibits the imposition of customs duties on digital products that are transmitted electronically between the U.S. and Canada. However, it is unclear whether the president-elect will attempt to impose tariffs on digital goods regardless. If he does, he can expect to face legal challenges.

However, IAB Canada members can anticipate some strong headwinds for our sector should these tariffs come into play. According to an in-depth Q4 analysis published by the Canadian Chamber of Commerce “Partners in Prosperity”, 25% tariffs could shrink Canada’s GDP by 2.6% costing Canadian households \$1,900 annually (and a 1.6% drop in U.S. GDP costing \$1,300 per American family). The tariffs would also disrupt industries like automotive, agriculture, and energy – making everything from groceries to cars more expensive and raising the costs of transport and logistics.



The tariffs will likely reduce overall spending for American and Canadian consumers leading to a decline in demand for products that are heavily marketed. Businesses that face higher costs due to tariffs might cut back on their marketing budgets – including digital advertising campaigns – to offset the increased costs of importing goods. It may also necessitate a shift in marketing strategies. Brands may need to reassess their target markets, ad strategies, and supply chains – potentially focusing on domestic sourcing or shifting their advertising efforts toward different regions to mitigate the impact of tariffs. Jobs would also be impacted as brands would be forced to find efficiencies through automated solutions that may have a catastrophic impact on the advertising services industry.

IAB Canada will closely monitor developments regarding President-Elect Donald Trump's proposed tariffs and provide timely updates on their potential impact on the digital advertising industry. We will also be urging the Canadian government to defend Article 19.3 in upcoming CUSMA/USMCA negotiations.

If you would like to stay updated or have any questions, please contact us at Policy@IABCanada.com

Further Reading:

<https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/text-texte/19.aspx?lang=eng>
<https://businessdatalab.ca/publications/partners-in-prosperity/>
<https://thehill.com/opinion/5084805-tariffs-canada-us-trump/>