

Community Futures PETERBOROUGH



Navigating Tariff Impacts with Strategy:

A GUIDE FOR ENTREPRENEURS

APRIL 2025



Hello.

The trade relationship between the United States and Canada has forever changed. With tariffs and counter-tariffs in place, and those policies shifting daily, businesses in our community face real challenges and confusion.

On March 4, we joined with our community partners to give you access to experts to provide some guidance and actionable advice in the early days about what businesses can do to minimize the impacts of tariffs. While the tariffs themselves continue to change, we know something that will not change: our local businesses view trade with the United States in a different light and are eager to look for ways to decrease dependence moving forward.

We have pulled together a toolkit, designed to allow you to gather information and possible next steps for a playbook you can work with your advisors on implementing moving forward. We believe businesses in the City and County of Peterborough are some of the most resilient out there, and we hope there are some actionable steps in this document that you can start using today.

DEVON GIRARD

Executive Director, Community Futures Peterborough





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Who Pays the Tariff?

If you're a business exporting to the U.S., it's important to understand who is responsible for paying border tariffs. Understanding this can help you adjust your pricing and costs and try to stay competitive.

Here's how it works: the importer of record, the one who is responsible for customs clearance, is the one who pays the tariffs.

- > **U.S. Buyer as Importer of Record:** If the U.S. buyer is responsible for customs clearance, they cover the tariff.
- > **Your Company as Importer of Record:** If your business is the one responsible, you'll pay the tariff.

WHAT TO CONSIDER:

There are a few key considerations to explore, such as pricing strategy and scenario planning, to help you navigate these turbulent times. You must stay in close communication with your key customers, proactively collaborate with them, and consider alternative options.

Price Competitiveness: Passing the full tariff cost onto U.S. buyers could affect how competitive your prices are. A strict pass-through might make your pricing less appealing, especially if competitors are absorbing some of the costs or adjusting their pricing in a clever way. Instead, consider a flexible approach, like partial cost absorption, bundling, or adjusting prices based on the value you provide.

Review Your Contracts: Look at the Incoterms (International Commercial Terms) in the contracts to determine who is responsible for paying for tariffs. You may be able to shift who is the importer of record (and therefore responsible for paying the tariffs) or adjust the terms to share the costs. If you are the importer of record, make sure you factor tariff costs into your pricing and communicate that clearly and early to your customers.

Make a list of any contracts you have and list who is the importer of record; you or your customer.



TARIFF COSTS 101

Who Pays the Tariff?

Contact your top 10 customers and identify their concerns and ask what changes they will need.



"Trade across Canada between provinces is possible, but it doesn't happen overnight. You've got to find customers to sell your product to."

BOB ARMSTRONG

CITP, FCILT, President of Armstrong Trade and Logistics Advisory Services Inc. (ATLAS), shared during the tariff town hall.

Identify which contracts you would like to have discussions about changing the importer of record, and make the list here:



Supply Chain Diversification

The impact of the tariffs has led to the importance of regularly auditing your supply chain and looking for local and Canadian alternatives to your product lists. By identifying which products are most impacted and where costs are rising, you can take action to adjust your pricing, sourcing, and supply chain strategies. Make a list of your suppliers and identify the country they come from.

Next, make a list of those suppliers who are not in Canada and begin researching if there are Canadian alternative suppliers.

There are steps you can take to try and identify if there are Canadian suppliers. This includes:

Industry Associations: Many industries have specific associations that can help connect businesses with suppliers. These organizations often provide directories, networking opportunities, and trade shows. Examples include:

- > Canadian Manufacturers & Exporters (CME)
- > Canadian Federation of Independent Business (CFIB)
- > Canadian Construction Association (CCA)

Growing Your Network: Look for industry-specific trade shows to attend and meet Canadian companies face-to-face to see their products and explore potential partnerships. The Peterborough - Kawartha Chamber of Commerce also provides business networking opportunities to meet potential suppliers. It also houses a database of businesses you can search for suppliers through.



Supply Chain Diversification

Using Government Resources: The Canadian government offers programs to help businesses find suppliers through various trade and procurement programs, such as:

- > **Trade Commissioner Service (TCS):** This service helps Canadian businesses identify suppliers both domestically and abroad.
- > **Canada Buys:** This government portal lists Canadian suppliers and contractors that are eligible to provide goods and services to the Canadian government, which could also be a source for private sector suppliers.
- > **Trade Tracker** - Tool that helps businesses understand the economic ties between Canada and the U.S. It provides real-time information on trade flows, industry trends, and the potential impact of tariffs.
- > **Export Development Canada** - Provides trade knowledge, financial solutions, equity, insurance, and connections to grow your business.
- > **Canadian Manufacturers & Exporters** - Canada's largest trade and industry association, which represents manufacturers and exporters.
- > **Canadian Federation of Independent Businesses** - Non-profit organization that advocates for small businesses in Canada.
- > **Apply for funding relief - Duties Relief Program** - This program allows qualified companies to import commercial goods without paying duties, as long as those goods are eventually exported. As part of the program, companies can manufacture or use the commercial goods in a limited manner before exporting.

Going Online: **Alibaba Canada** is a global platform, but you can filter by Canadian suppliers for certain goods. Social media is also a great place to connect with local suppliers. Share your story on your social channels for B2B marketing or complete a search/outreach to identify potential business partners.

Supply chain disruptions can be a significant risk for small businesses. Working with multiple suppliers and implementing different inventory management systems are two key ways to manage that risk. Once you have found a reliable, and hopefully local supplier, work to establish long-term contracts to lock in prices and ensure a consistent supply of goods.



"Canada is more unified now than it has been. That's a positive from a business point of view - and that's a great silver lining. Interprovincial trade barriers are going down. Leverage that."

ANDREW PYLE

Former Canadian Economist, Senior Portfolio Manager & Senior Investment Advisor, speaking at the March 4 tariff town hall event.



Current Customers & Emerging Markets

“Successful e-commerce implementation is a game-changer for many businesses looking to expand their reach and tap into broader markets. Selling online isn’t just an option - it’s essential for growth. By combining digital marketing, search engine optimization, content marketing, and strong branding with integrated marketing communications strategies, businesses can build lasting connections with their audience. Working with the Business Advisory Centre, entrepreneurs can develop tailored strategies to maximize their online presence and drive sustainable success.”



ROSE TERRY
Manager of the Business Advisory Centre and Corporate Communications

As a small business owner, identifying new markets is crucial for growth and expansion. A good regular business practice is to identify where your current customers reside and where the emerging markets are.

Look at the demographics of your existing customers (age, location, gender, income level, etc.). Write down the commonalities of these customers here.

Once you understand your customer demographics, you can use this information to grow and identify new markets.

THESE STEPS CAN INCLUDE:

Look at Your Competitors and Study Those Markets. Are there specific areas or groups they’re targeting that you’re not? Think about how you can differentiate yourself in a market already served by others, whether it’s through pricing, quality, or customer experience.

Explore New Geographic Areas. If looking to expand locally, reach out to [Community Futures Peterborough](#), or [the City](#) or [County of Peterborough](#). We are all here to work with you to support local growth in our communities. We can also connect you with experts to support international growth and identify new markets for you to explore.

Tap into Online Channels. [Community Futures Peterborough Business Advisory Centre](#) can support you in leveraging online channels, including:

- > **E-commerce Platforms:** If you’re not already, consider selling through online marketplaces like Amazon, Etsy, or eBay. These platforms provide access to broader markets.
- > **Social Media Targeting:** Utilize social media ads to target specific interests, locations, or age groups, which can help you reach new potential customers.
- > **SEO & Content Marketing:** Invest in online content strategies (blogs, videos, podcasts) that target keywords your potential customers are searching for.



Financial Hedging & Risk Management

During our March 4 tariff town hall, we heard from a local expert who spoke about the possibility of looking at hedging strategies, especially for those small business owners who deal with U.S. currency. For a small business owner, implementing a hedging strategy might seem complex, but it can be a powerful way to protect the business from various risks such as fluctuations in prices, interest rates, or currency exchange rates.

“Effective hedging strategies involving the USD/CAD exchange rate are essential for mitigating currency risk. Business owners need to review all contracts and see where they can shield themselves from adverse fluctuations in the value of the Canadian dollar. A well-structured hedge not only provides stability in uncertain markets but also allows businesses to use this as a tool to shield their finances during this turbulent time.”

ANDREW PYLE

Former Canadian Economist, Senior Portfolio Manager & Senior Investment Advisor, speaking at the March 4 tariff town hall event.

The first step businesses need to take is to identify the risks your business is exposed to. Some common risks include the following:

- > **Price fluctuations:** For example, the cost of raw materials or goods can fluctuate due to supply and demand changes.
- > **Currency risks:** If your business deals with international suppliers or customers, you might face risks related to currency exchange rates.
- > **Interest rate changes:** If your business has loans or credit lines, rising interest rates could increase your borrowing costs.
- > **Market volatility:** If your business is dependent on the stock market or other investments, market fluctuations can create risks.

Write down the areas your business is exposed to and where hedging could be a strategy to implement.



Financial Hedging & Risk Management

Now that your risks are identified, you can decide which ones need hedging and which ones you can manage through other business strategies. We suggest you reach out to your local financial advisor, banking partner, or accountant to support you with any financial strategies. Some examples to discuss with your professional advisors include:

HEDGE AGAINST PRICE FLUCTUATIONS (COMMODITY PRICE RISK)

If your business depends on certain raw materials or products whose prices fluctuate (like oil, metal, or agricultural products), you might use a commodity hedge to lock in prices and protect against price hikes. For example:

- > **Futures Contracts:** If you're a small manufacturer that uses a specific metal, you could enter into a futures contract to buy that metal at a set price for delivery in the future. This ensures that even if prices rise, you'll pay the agreed-upon price.
 - > **Forward Contracts:** Similar to futures, but these are customized and often negotiated directly with suppliers or other parties.
 - > **Supplier Agreements:** If you have a long-term relationship with a supplier, you might be able to negotiate fixed-price contracts to avoid price increases for a set period.
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HEDGE AGAINST CURRENCY RISK

If your business deals internationally, exchange rate fluctuations can impact profits, especially if you're buying or selling goods in different currencies. To manage this:

- > **Currency Forward Contracts:** If you know you'll need to pay for goods in a foreign currency in the future, you could lock in the exchange rate using a forward contract. This helps protect you against unfavourable shifts in exchange rates.
- > **Foreign Currency Options:** Similar to a futures contract but gives you the right, rather than the obligation, to exchange currency at a set rate. This provides more flexibility but may have a cost (premium).
- > **Multi-currency Bank Accounts:** If you have a lot of dealings with a specific country, some banks allow you to hold balances in foreign currencies, reducing your exposure to exchange rate fluctuations.



Financial Hedging & Risk Management

HEDGE AGAINST INTEREST RATE RISK

If your business has variable-rate loans or credit, rising interest rates could increase your monthly payments and borrowing costs. Here's how you can hedge:

- > **Interest Rate Swaps:** This is an agreement where you exchange a floating interest rate for a fixed rate with another party. If you have a loan with a variable interest rate, this can protect you from rising interest rates.
- > **Fixed-Rate Loans:** If you anticipate rising rates, consider refinancing your loans to a fixed rate, locking in your payment structure and avoiding future increases.

USE INSURANCE AS A HEDGE

Many small businesses hedge against risks by using insurance. Insurance provides a safety net against unforeseen events that could impact the business.

- > **Business Interruption Insurance:** This covers lost income if your business operations are halted due to unexpected events (fire, flood, etc.).
- > **Property Insurance:** Protects against damage to your physical assets like buildings, machinery, and inventory.
- > **Liability Insurance:** Protects your business in case you're sued for damages or accidents related to your products or services.

The above hedging strategies are simply guidance on areas for you to discuss with your financial team. Hedging is not a one-time event but an ongoing process. All small business owners should regularly review their hedging strategies to ensure they are still relevant and cost-effective. As the tariff situation with the United States remains fluid, changes in market conditions, your business's financial health, or your goals may require you to adjust your hedging approach over time.

SUMMARY OF HOW A SMALL BUSINESS OWNER CAN HEDGE:

- > **Identify risks:** Assess risks that could affect your business, such as price, interest rate, or currency fluctuations.
- > **Use financial instruments:** Tools like futures contracts, options, and swaps can be helpful for larger exposures, but simpler options like fixed-price contracts or insurance are easier for small businesses.
- > **Diversify:** Spread risks across products, suppliers, and markets.
- > **Insurance:** Obtain necessary insurance policies to cover potential disruptions.
- > **Monitor and adjust:** Continuously review and update your hedging strategy to reflect changes in your business or the market.



Communications & Branding

“The consumer mindset for how we shop has shifted indefinitely. Business owners must focus on strengthening relationships with existing customers through loyalty programs, offering rewards or exclusive deals to maintain customer retention while trying to reach new markets.”



DEVON GIRARD
Executive Director, Community Futures Peterborough

Navigating tariffs while branding your product can be challenging, but it also presents unique opportunities. Smart brands will shift their messaging and reach new markets with some simple marketing tactics. Here are some strategies to consider:

- > **Emphasize Local Identity:** Highlight that your product is locally made or sourced. Use product identifiers, both digital and physical, to showcase your brand to customers.
- > **Adapt Pricing Strategies:** Consider bundling products, offering loyalty programs, or focusing on quality to justify price adjustments.
- > **Leverage Digital Marketing:** Use search engine optimization (SEO), pay-per-click (PPC) ads, and dedicated landing pages to reach your audience effectively.
- > **Build Trust:** Showcase ethical, local sourcing, and sustainability practices to strengthen customer loyalty.
- > **Positioning:** Communicate your offering as a local alternative to imported goods or services and showcase that you are a cost-effective or sustainable option.
- > **Sponsorship:** Consider sponsoring local art or sporting events to highlight your business to a local audience.

We are already seeing a resurgence of the “Buy Canadian” movement. Now is the time for your brand to lean into this. Write down three products or services you have that support the “Buy Canadian” movement.

Remember, many Canadian brands have a reputation for high-quality, durable products. In the face of tariff increases, emphasizing superior quality can help justify a higher price point and increase consumer loyalty. There are also other Canadian brands that can help amplify the message of “support local”.

Write down three to five Canadian brands that complement the products or services you offer. Reach out and discuss the opportunity to collaborate on joint promotions, campaigns, or co-branding initiatives.



Communications & Branding

PRODUCT LABELING



[Ontario Made](#)

[Foodland Ontario](#)

[Kawartha Choice Farm Fresh](#)

[Made in Canada Grocery Store Guide](#)

[Product of Canada and Made in Canada](#)

[Product of Canada Certification \(Canadian Food Inspection Agency- CFIA\)](#)

PRODUCT DIRECTORIES

Product directories are a smart and effective way to enhance the visibility of your product or brand. Directories are online platforms or databases that catalog products or services across various industries and are usually sorted by categories. These directories serve as a resource for customers, businesses, and even distributors looking to buy specific products.

- > **Choose Relevant Directories:** Research directories that cater to your industry or audience (e.g. fashion, tech, food).
- > **Optimize Your Listing:** Create a compelling description of your product, include high-quality images, and highlight key features or benefits.
- > **Use Keywords:** Incorporate keywords that your target customers would use to find your products.
- > **Include Contact Information:** Make it easy for interested buyers to reach you by adding your website, email, social channels, and phone number.
- > **Leverage Reviews and Ratings:** Encourage satisfied customers to leave reviews on the directory, as positive feedback to help draw more attention to your product.
- > **Update your Listings Regularly:** Keep your information fresh and accurate by updating your listings regularly.

SOME DIRECTORIES THAT YOU MAY WISH TO REVIEW:

[Made in CA](#)

[Made in Canada Directory](#)

[Canadian Manufacturers & Exporters \(CME\) – Made in Canada Initiative](#)

[BDC](#)

[The Boro](#)

[The Kawarthas Tourism](#)

[Kawartha Choice Farm Fresh](#)



Strategic Partnerships

Partnerships are critical for small business operators grappling with the challenge of tariffs, as they offer ways to mitigate costs and navigate market disruptions. By collaborating and partnering with other businesses, suppliers, and industry organizations, small businesses can pool resources, share knowledge, and negotiate better terms for raw materials or distribution.

These new alliances can also help to access new markets and diversify supply chains. Some strategies to consider for strategic partnerships include:

- > **Segment Markets by Lifestyle or Interest:** Focus on people with specific hobbies, interests, or lifestyles that could benefit from your products (e.g. cycling, food and drink, DIYers).
- > **Underrepresented Groups:** Look at underserved demographics that your business can serve with minor tweaks to your product or service.
- > **Partner with Niche Communities:** You could team up with organizations, groups, or influencers in specific niches (e.g., fitness, sustainability, gaming, etc.).
- > **Study your Competitors:** Observe how your biggest competitors are targeting their audience. This can give you clues about untapped or underserved segments.

Reflecting on the above, write a list of 3-to-5 groups or segment markets you can consider building a strategic partnership with.

As you begin to establish new partnerships, be intentional about the facts and reasons why a partnership makes sense. This would include showing new partners market research tools to support a partnership including:

Google Trends: This shows the popularity of products or topics over time and can give new partners insight into what markets are growing.

Industry Reports: Look for reports from organizations or industry bodies that provide insight into your customer market.

Market Segmentation: Use market segmentation tools to identify areas with the most potential for growth based on various factors (geography, income, interests).



“In the heart of rural communities, partnerships mean strength. Together, small businesses thrive when they stick together. They can sow innovation, share resources, and harvest collective success, even during the most difficult of times.”

RHONDA KEENAN
General Manager Economic Development, Peterborough County



Conclusion

*"It's time for
Canada to fire up,
be aggressive, and
take the lead."*

BOB ARMSTRONG

CITP, FCILT, President of
Armstrong Trade and Logistics
Advisory Services Inc. (ATLAS),
shared during the tariff
town hall.

The reality of the tariffs is that whether or not they remain in place, the impacts of these tariffs are challenging business owners in our community. There is confusion, uncertainty, and cautiousness in consumer purchasing and business investments. In the face of these difficult economic pressures, consider these challenges not as roadblocks, but opportunities to innovate, re-evaluate, and emerge even stronger.

We hope the tools and resources that have been provided in this toolkit will help you stay rooted in purpose, foster your creativity, and help you to positively embrace change.

Peterborough and the Kawarthas region has a strong, connected, and supportive team of professionals and a business ecosystem to assist you during these difficult yet defining times.

Stay Connected.

Stay Strong.

You've got this.