

## How Tariffs Could Affect Canada's Agriculture, with a Focus on Alberta

(August 10, 2025)

Alberta is Canada's cattle heartland and a major exporter of beef, wheat, canola, and live animals. Alberta accounts for about 43% of Canada's cattle inventory (Agriculture and Agri-Food Canada, 2025a), so any change to U.S.–Canada market access quickly shows up in ranch cash flows, feedlot utilization, and meat-processing throughput in the province.

Canada's agriculture is tightly integrated with the United States through supply chains and two-way trade in live cattle, beef, grains, inputs, and equipment. The United States is the dominant market for many Canadian agri-food products, and AAFC highlights this bilateral integration in its trade profile (Agriculture and Agri-Food Canada, 2025b). Recent U.S. tariff actions and threats have raised uncertainty, while Canada has responded with counter-tariffs on a large basket of U.S. goods (Government of Canada, 2025a).

When the United States raises tariffs on Canadian farm and food products, part of the burden is typically passed back to Canadian producers through lower realized export prices, while U.S. consumers pay higher retail prices. That split varies by product and short-run elasticity, but historical evidence shows consumers bear a sizable share. For Alberta's beef sector, the risk is immediate because roughly three-quarters of Canadian beef exports go to the United States, and producers have already adjusted herd decisions amid tariff uncertainty (White, 2025).

The likely impacts on Alberta if U.S. tariffs take effect fall into two main areas. First, cattle and beef: Alberta could face wider basis levels and lower plant utilization if U.S. packers discount Canadian product to offset tariffs, which would also weaken incentives to rebuild the provincial cow herd. Reuters has already reported that producers are delaying herd rebuilding in response to tariff risks (White, 2025). Second, crops and oilseeds: price discounts at the country elevator level may occur if exporters absorb part of the tariff to maintain U.S. sales, creating knock-on effects on farm margins and trucking flows along the Alberta–Montana corridors (Barichello, 2025).

Canada has imposed 25% counter-tariffs on nearly \$30 billion of U.S. imports in 2025 (Government of Canada, 2025b). While many items are consumer goods, Ottawa's measures also hit industrial categories and come on top of existing frictions in steel and aluminum, which feed into farm buildings, machinery, and equipment. For Alberta farms and processors, this shows up as higher capital and parts costs and tighter working capital,

especially for operations that regularly import U.S. parts or service equipment near the border.

Dairy, poultry, and eggs operate under Canada's supply-management system, which relies on tariff-rate quotas and high out-of-quota tariffs. The system has been a recurring flashpoint in U.S.–Canada talks and continues to attract scrutiny through USMCA dispute channels (United States Trade Representative, 2023). This sector is less about Alberta exports, but it matters for broader negotiations that can spill over into beef and grains (White, 2025).

The following risk management and policy levers could be considered. First, business risk management (BRM): Programs such as AgriStability can help buffer margin declines when tariffs or counter-tariffs compress prices or raise costs. Producers should review enrollment and coverage options for 2025 (Agriculture and Agri-Food Canada, 2025c). Second, market diversification: Continue expanding market access in Japan, South Korea, Mexico, and other CPTPP partners to reduce reliance on a single destination, as supported by AAFC trade materials and recent export patterns (Agriculture and Agri-Food Canada, 2025d). Third, value-added processing in-province: Encourage investment that increases flexibility to redirect product when border conditions change. Finally, border logistics: Maintain efficient inspection and transport at key Alberta crossings to reduce tariff-related frictions that can amplify price discounts.

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