President Donald Trump said the United States is immediately "terminating ALL discussions on Trade with Canada." Trump said on Truth Social that he made the decision in response to Ottawa imposing a digital services tax on U.S. tech firms. "We will let Canada know the Tariff that they will be paying to do business with the United States of America within the next seven day period," Trump added. President Donald Trump on Friday said the United States is immediately "terminating ALL discussions on Trade with Canada" in response to Ottawa's decision to impose a digital services tax on American tech firms. Trump's surprise announcement on Truth Social accused Canada of "copying the European Union" with the "egregious" tax. "We will let Canada know the Tariff that they will be paying to do business with the United States of America within the next seven day period," Trump added. Read Trump's full post: "We have just been informed that Canada, a very difficult Country to TRADE with, including the fact that they have charged our Farmers as much as 400% Tariffs, for years, on Dairy Products, has just announced that they are putting a Digital Services Tax on our American Technology Companies, which is a direct and blatant attack on our Country. They are obviously copying the European Union, which has done the same thing, and is currently under discussion with us, also. Based on this egregious Tax, we are hereby terminating ALL discussions on Trade with Canada, effective immediately. We will let Canada know the Tariff that they will be paying to do business with the United States of America within the next seven day period. Thank you for your attention to this matter!" The office of Canadian Prime Minister Mark Carney did not immediately respond to CNBC's request for comment. The president's angry declaration suddenly imperils America's trade relationship with a close ally that has long been one of its top two global trading partners. U.S. goods trade with Canada totaled roughly $762 billion last year, according to the office of the U.S. trade representative. Following Trump's announcement, the S&P 500 and the Nasdaq Composite both turned negative, retreating from the record highs they had reached earlier in the day. The first payments from Canada's digital services tax, which was enacted last year and applies retroactively to 2022, are set to be collected Monday. The tax would hit both domestic and foreign tech companies, including U.S. giants such as Amazon, Google and Meta. Canadian officials said this month that they would not pause the digital services tax, despite ferocious opposition from the United States. This is breaking news. Please refresh for updates. OTTAWA — U.S. President Donald Trump said on Friday afternoon that he was "terminating all discussions on trade with Canada" and threatened new tariffs over Ottawa's plans to push ahead with digital services tax on Monday. Trump said Friday Washington will notify Canada about new tariff rates required "to do business with the United States" within the next week. Trump made the comments in a post on his social media account, calling the proposed tax a "direct and blatant attack on our country." Prime Minister Mark Carney has been negotiating in private with Trump and said earlier this month the two governments are pursuing a deal to end Trump's stop-and-go tariff war. At the G7 summit in Alberta, Carney and Trump agreed to try and reach a deal by mid-July. The digital services tax is a three per cent levy on revenue from Canadian users using digital services such as Amazon, Google, Meta, Uber and Airbnb. It takes effect on June 30 but is retroactive for three years. The initial bill is expected to total close to $2 billion. In recent days, various industry associations have reached out to Ottawa urging the government to pause the tax and avoid U.S. retaliation. The Canadian Chamber of Commerce warned that the "punitive" tax could prompt the U.S. to target retirement and pension funds. Earlier this month 21 members of the U.S. Congress wrote to Trump saying the tax could prompt other "discriminatory cash grabs" that largely target American companies. The Canadian Press has asked the offices of Carney, Finance Minister François-Philippe Champagne and opposition parties for comment. NDP trade critic Heather McPherson wrote that Canada should invest in employment insurance and sustainable jobs to protect workers from Trump's whims. "Appeasement doesn't work. Betting on a unique relationship with Trump doesn't work. Negotiations in secret doesn't work. Standing up for Canadian jobs and communities does," she wrote.— With files from Anja KaradeglijaThis report by The Canadian Press was first published June 27, 2025.Kyle Duggan and Dylan Robertson, The Canadian Press U.S. President Donald Trump speaks in the Oval Office of the White House as he announces reciprocal tariffs, in Washington, D.C., on February 13, 2025. Photo by ANDREW CABALLERO-REYNOLDS/AFP via Getty ImagesOTTAWA — As United States President Donald Trump signed an executive order for reciprocal tariffs on Thursday that escalates his trade threats, his administration took aim at Canada's digital services tax as a major trade irritant.THIS CONTENT IS RESERVED FOR SUBSCRIBERS ONLYSubscribe now to read the latest news in your city and across Canada.Exclusive articles from Barbara Shecter, Joe O'Connor, Gabriel Friedman, and others.Daily content from Financial Times, the world's leading global business publication.Unlimited online access to read articles from Financial Post, National Post and 15 news sites across Canada with one account.National Post ePaper, an electronic replica of the print edition to view on any device, share and comment on.Daily puzzles, including the New York Times Crossword.SUBSCRIBE TO UNLOCK MORE ARTICLESSubscribe now to read the latest news in your city and across Canada.Exclusive articles from Barbara Shecter, Joe O'Connor, Gabriel Friedman and others.Daily content from Financial Times, the world's leading global business publication.Unlimited online access to read articles from Financial Post, National Post and 15 news sites across Canada with one account.National Post ePaper, an electronic replica of the print edition to view on any device, share and comment on.Daily puzzles, including the New York Times Crossword.REGISTER / SIGN IN TO UNLOCK MORE ARTICLESCreate an account or sign in to continue with your reading experience.Access articles from across Canada with one account.Share your thoughts and join the conversation in the comments.Enjoy additional articles per month.Get email updates from your favourite authors.THIS ARTICLE IS FREE TO READ REGISTER TO UNLOCK.Create an account or sign in to continue with your reading experience.Access articles from across Canada with one account.Share your thoughts and join the conversation in the comments.Enjoy additional articles per month.Get email updates from your favourite authors.The White House sent out a document calling digital taxes in both Canada and France "unfair" for taxing American companies.Speaking in the Oval Office Thursday afternoon, Trump slammed Canada on trade and singled out its low defence spending, saying the country is a "very serious contender to be our 51st state.""Canada's been very bad for us on trade but now Canada's going to have to start paying up," he said. "Canada's going to have to pay a very interesting situation because we just don't need their product."Get the latest headlines, breaking news and columns.By signing up you consent to receive the above newsletter from Postmedia Network Inc.We encountered an issue signing you up. Please try againAs Trump took more swings at the Canadian economy, businesses watched with unease."The press conference struck me because Canada is clearly still top of mind for him and that's not a good place to be," said Matthew Holmes, an executive vice president at the Canadian Chamber of Commerce."We still have the sword of Damocles hanging over us and we need to be ever ready for what comes next."He said the constant threats, the changing deadlines and the moving of goalposts is profoundly undermining business certainty in Canada — from major capital-investment decisions all the way down to individual shipping orders.Holmes believes the reciprocal tariff order is largely aimed at other markets — places like Europe, South Korea, Japan and India. But the details are few, and the bigger picture is alarming."The broader signal it sends is an escalation, a broad proliferation of tariffs ... widening the likelihood of a trade war that's broad, hitting multiple economies," Holmes said.The Chamber is also among a spate of business groups that have long warned the Trudeau government that its three per cent digital services tax, which came into effect over the summer, would become a major thorn in the side of the U.S.The controversial policy has stirred the ire of U.S.-based lobby groups, as it requires large tech businesses to pay tax on revenues earned through engaging online users in Canada.The Business Council of Canada's chief executive Goldy Hyder said the tax "continued to be an issue" raised in meetings he has had in Washington this week with senior U.S. officials, congressmen and business leaders."It is viewed by Americans as an irritant that violates the USMCA in the same way that Canadians believe tariffs violate the agreement," he said in an emailed statement.The Trudeau government's last budget estimated the tax, which is retroactive for the past few years, would bolster Ottawa's coffers by some $5.9 billion over five years.A White House fact sheet described it as unfair, saying Canada and France "use these taxes to each collect over $500 million per year from American companies." President Donald Trump said on Friday the U.S. is immediately ending trade talks with Canada in response to the country's digital services tax on technology companies, calling it a "direct and blatant attack on our country.""Based on this egregious Tax, we are hereby terminating ALL discussions on Trade with Canada, effective immediately," Trump wrote in a post on Truth Social. "We will let Canada know the Tariff that they will be paying to do business with the United States of America within the next seven day period."© Copyright Thomson Reuters 2025. Click For Restrictions - or create a forever free account to read this news on CTV News AppContact UsFAQNewslettersTeam There's a growing sense in the business community and among trade experts that U.S. President Donald Trump is unlikely to remove all the tariffs he's placed on Canadian goods.BRENDAN SMIALOWSKI/AFP/Getty ImagesTwo weeks into intensive trade negotiations with the United States, Canada remains publicly committed to the goal of getting all tariffs removed. Nevertheless, Ottawa is beginning to manage expectations.Kirsten Hillman, Canada's ambassador to Washington and lead trade negotiator, highlighted President Donald Trump's unwavering fondness for tariffs in several media interviews this week. Several business leaders and industry representatives, who've had conversations with Canada's negotiating team, say they've been asked what level of tariffs they could live with. The Globe and Mail is not naming them so they could speak freely. The details of the discussions between Ottawa and Washington, which kicked into high gear this month following a meeting between Mr. Trump and Prime Minister Mark Carney at the G7 summit, remain a tightly held secret. One business leader, who has consulted with the Canadian team, likened Mr. Carney's approach to how investment bankers run M&A deals: only a handful of people have access to the terms, and secrecy is paramount.But as negotiators sprint toward a self-imposed July 21 deadline, there's a growing sense in the business community and among trade experts that Mr. Trump is unlikely to remove all the tariffs he's placed on Canadian goods in coming months – no matter what Ottawa puts on the table.Canada must not accept any trade deal that includes auto tariffs, head of Unifor saysCanada refuses to pause digital sales tax as trade talks with U.S. continueFree trade is no longer free. It comes with a subscription cost, and the subscription cost is a tariff," said Goldy Hyder, president and chief executive officer of the Business Council of Canada.Mr. Trump has de-escalated his global trade war in recent months. He paused the "reciprocal tariffs" he placed on more than 50 countries (excluding Canada and Mexico) for three months, and introduced several important tariff carve-outs for Canadian and Mexican goods. Dozens of countries are now negotiating with the U.S. to secure a more permanent reprieve, with the July 9 "reciprocal tariff" deadline rapidly approaching.Still, the President seems committed to tariffs at some level – both as leverage to extract nontrade concessions from other countries, such as higher spending on defence or border security, and as a permanent tool to raise tax revenue and cajole foreign companies to build factories in the U.S.Indeed, more tariffs are already in the pipeline. The U.S. has launched investigations into lumber, copper, semiconductors and pharmaceuticals under Section 232 of the Trade Expansion Act, which could result in sectoral tariffs similar to those on steel, aluminum and autos."A short-term agreement that creates certainty around tariff levels and minimizes what those levels are ought to be a realistic landing zone, so long as such an agreement checks the box for some other key priorities," Jake Colvin, president of the National Foreign Trade Council, which advocates for U.S. companies, said of the Canada-U.S. talks."But given President Trump's strongly held belief in tariffs, it may be unrealistic to expect that tariffs will completely revert to what they were in 2024.'A more realistic outcome in the near-term, observers say, could be a partial reduction in the existing Section 232 tariffs, alongside quotas that allow a certain amount of steel, aluminum and automobiles to enter the U.S. tariff-free or at a lower tariff level. That would resemble the arrangement British Prime Minister Keir Starmer signed with the Trump administration last month, which lowered tariffs on some sectors and introduced quotas for cars and beef, but left a baseline 10-per-cent tariff in place.British Prime Minister Keir Starmer and the Trump administration signed an arrangement that left a baseline 10-per-cent tariff in place.Kevin Lamarque/Reuters"The Brits, depending on your perspective, fortunately or unfortunately, set the standard. Not only did they agree to quotas, but they agreed to tariffs within the quotas. And that makes negotiating against that a difficult position for other countries around the world," said Daniel Ujczo, a trade lawyer with U.S. law firm Thompson Hine LLP.He said that U.S. officials he has spoken with show a clear preference for some sort of quota system, which could vary by industry. "When we're looking at goods such as aluminum on which the U.S. is heavily reliant, it is reasonable to expect that the quota would be based on existing volumes plus some room to grow on," Mr. Ujczo said. "I think automotive becomes a bit more challenging, given the administration's views that it wants final assembly in the United States.Steel tariffs, meanwhile, are widely seen as the hardest nut for Canada to crack, given the strength of the U.S. steel lobby and the fact that the U.S. industry has capacity to meet domestic needs – unlike with aluminum. Whether any of this would be acceptable to Canada remains to be seen."Our government believes that open and stable trade between Canada and the United States is deeply beneficial to both countries, and is the right approach to Canada remains in the businesses," Mr. Carney has been trying to strengthen his hand in real time. Since becoming Prime Minister, he has sought a deal with Mr. Trump that goes beyond trade to address common defence and security concerns. The decision to ramp up military spending and discuss joint participation with the U.S. on Mr. Trump's "Golden Dome" missile defence system appears to be designed to grease the wheels of a trade deal. Carney commits Canada to biggest increase in military spending since Second World War, doubling budget by 2035The same goes for Mr. Carney's efforts to accelerate the development of Canada's critical minerals resources. Right now the U.S. relies heavily on Chinese-controlled mines and processing facilities for a number of crucial inputs into its high-tech and defence industries. Mr. Carney is pitching Canada, with its robust store of minerals, as a safer alternative. It's unclear whether U.S. access to Canadian critical minerals would be formalized in some sort of trade agreement. The U.S. Department of Defence already invests in Canadian mines directly, and Canada has signed an agreement on critical minerals with the European Union that could be a template.Finally, there are Canada's efforts to close ranks with the Americans to prevent cheap Chinese imports from flooding North American markets. Canada matched U.S. tariffs on Chinese electric vehicles during the final months of Joe Biden's presidency. More recently, it has slapped tariffs and quotas on Chinese steel, partly to protect the Canadian market and partly to address U.S. concerns about Chinese steel being routed through Canada. "I want to emphasize you do not get a seat at the table for one of these deals without agreeing to take action against China," Mr. Ujczo said. Canada is making the right moves on all these fronts, said Christopher Sands, director of the Hopkins Center for Canadian Studies at Johns Hopkins University. And many of the things Canada is now doing to get in Mr. Trump's good books – taking a more active role in Arctic defence, or speeding up critical mineral development, for instance – are things that Canada should have been doing anyway, he said. But Mr. Carney and his team are ultimately playing defence in a game whose rules have been changed mid-way through. "This is the way the President likes it, you keep guessing what he wants and coming up with more until he finally goes, 'Yeah, okay,'" Mr. Sands said. "It's like the cat playing with the mouse: Okay, I played with this mouse enough. I'll let it go. Or I'll eat it." This advertisement has not loaded yet, but your article continues below.Published Jun 27, 2025 • Last updated 5 minutes ago • 1 minute readU.S. President Donald Trump answers questions during a press conference on recent Supreme Court rulings in the briefing room at the White House on June 27, 2025.While this advertisement has not loaded yet, but your article continues below.THIS CONTENT IS RESERVED FOR SUBSCRIBERS ONLYSubscribe now to read the latest news in your city and across Canada.Unlimited online access to articles from across Canada with one account.Get exclusive access to the Toronto Sun Crossword.SUBSCRIBE TO UNLOCK MORE ARTICLESSubscribe now to read the latest news in your city and across Canada.Unlimited online access to articles from across Canada with one account.Get exclusive access to the Toronto Sun ePaper, an electronic replica of the print edition that you can share, download and comment on.Enjoy insights and behind-the-scenes analysis from our award-winning journalists.Support local journalists and the next generation of journalists.Daily puzzles including the New York Times Crossword.REGISTER / SIGN IN TO UNLOCK MORE ARTICLESCreate an account or sign in to continue with your reading experience.Access articles from across Canada with one account.Share your thoughts and join the conversation in the commentsEnjoy additional articles per month.Get email updates from your favourite authorsDon't have an account? Create AccountTrump said Friday Washington will notify Canada about new tariff rates required "to do business with the United States" within the next week.Trump made the comments in a post on his social media account, calling the proposed tax a "direct and blatant attack on our country." Prime Minister Mark Carney has been negotiating in private with Trump and said earlier this month the two governments are pursuing a deal to end Trump's stop-and-go tariff war. At the G7 summit in Alberta, Carney and Trump agreed to try and reach a deal by mid-July.The digital services tax is a three per cent levy on revenue from Canadian users using digital services such as Amazon, Google, Meta, Uber and Airbnb. It takes effect on June 30 but is retroactive for three years. The initial bill is expected to total close to $2 billion.This advertisement has not loaded yet, but your article continues below.In recent days, various industry associations have reached out to Ottawa urging the government to pause the tax and avoid U.S. retaliation. The Canadian Chamber of Commerce warned that the "punitive" tax could prompt the U.S. to target retirement and pension funds.Earlier this month 21 members of the U.S. Congress wrote to Trump saying the tax could prompt other "discriminatory cash grabs" that largely target American companies.The Canadian Press has asked the offices of Carney, Finance Minister Francois-Philippe Champagne and opposition parties for comment. NDP trade critic Heather McPherson wrote that Canada should invest in employment insurance and sustainable jobs to protect workers from Trump's whims. "Appeasement doesn't work. Betting on having a unique relationship with Trump doesn't work. Negotiations in secret doesn't work. Standing up for Canadian jobs and communities does," she wrote. Canada Toronto Maple Leafs Music Toronto Raptors Toronto Raptors Donald Trump gestures after arriving on Air Force One, Wednesday, June 25, 2025, at Joint Base Andrews, Md. Alex Brandon/AP Photo flag wire: true flag sponsored: false article_type: publish-section: cms.site.custom.site_domain : thestar.com #WebsitePrimaryPublication : publications/toronto star bHasMigratedAvatar : false firstAuthor.avatar : U.S. President Donald Trump says he's ending all trade discussions with Canada while signaling he may impose a blanket tariff to hit back at Ottawa for imposing a tax on web giants."We will let Canada know the Tariff that they will be paying to do business with the United States of America within the next seven day period," Trump said in a social media post Friday.Canada and the U.S. have been locked in negotiations to get Trump to lift his punishing tariffs on Canadian goods, levies that have already led to major economic dislocations, job losses and a drop in southbound exports. Trump and Prime Minister Mark Carney agreed at the G7 last week to reach some agreement on the trade dispute within 30 days — a timeline that is now very much in doubt.Trump says he's pulling back from the bilateral trade discussions because Canada plans to move ahead with its digital services tax (DST), which requires major web companies to pay a special tax.Speaking briefly to reporters while leaving his office, Carney said he had not spoken to Trump since the president seemed to terminate the trade talks."We'll continue to conduct these complex negotiations in the best interest of Canadians," Carney said. He did not address a reporter's question about whether his government is prepared to drop the DST.U.S. President Donald Trump says he's ending trade talks with Canada, blaming the country's digital services tax. (Jose Luis Magana/AP Photo)Set to take effect on June 30, the DST would have U.S. companies like Amazon, Google, Meta, Uber and Airbnb pay a three per cent levy on revenue from Canadian users — a policy enacted by former prime minister Justin Trudeau's government that the Parliamentary Budget Office projects will bring in billions of dollars in revenue. Taking effect on Monday, the policy will apply retroactively, leaving U.S. companies with a $2-billion US bill due at the end of the month.These global digital firms are often able to skirt paying taxes in the countries where they operate, and the last Liberal government pitched the DST as a way to bring the tax code up to date and capture revenues earned in Canada by firms located abroad.U.S. long opposed DSTIt's been a point of contention between Canada and the U.S. for years, with former president Joe Biden's ambassador to Canada warning during his tenure that, if a DST was enacted, the U.S. would hit back.While Canada and other Organization for Economic Co-operation and Development (OECD) countries had been discussing some sort of global DST, the Trudeau government decided to move ahead with its own tax rather than wait for co-ordinated action.Carney's finance minister, François-Philippe Champagne, said last week Ottawa plans to push ahead with the tax even while negotiations with Trump and his tariffs are ongoing.That's what's prompted the president's ire. "We have just been informed that Canada, a very difficult Country to TRADE with, including the fact that they have charged our Farmers as much as 400% Tariffs, for years, on Dairy Products, has just announced that they are putting a Digital Services Tax on our American Technology Companies, which is a direct and blatant attack on our Country," Trump said.As he has done in the past, Trump mischaracterized Canada's tariff regime on U.S. dairy products.The high tariff rates Trump frequently cites are only applied if U.S. exports exceed a set "tariff-rate quota," something that has never happened.Trump's own Department of Agriculture noted earlier this year that almost all agricultural products traded between the United States and Canada are free of tariffs.In an interview with CBC's Power & Politics, Foreign Affairs Minister Anita Anand said supply management, which places limits on certain products, including dairy, to ensure stable prices, is a "cornerstone" Canadian economic policy that is "extremely important."Trump also called Canada's dairy industry protections in his social media post. (Christinne Muschi/The Canadian Press)Anand said that despite Trump's threats, Canada will push ahead with trying to broker a deal that's in the best interest of workers and businesses."We will ensure the best result is reached for our country while at the same time ensuring we diversify our supply chains so we are never again dependent on one economy," Anand said, while touting the New EU-Canada Strategic Partnership of the Future that Carney brokered with the European Union earlier this week.Trump's abrupt decision to call off negotiations may have caught Canadian officials off guard.Speaking to CBC Radio's The House hours before Trump's post, Canada's U.S. Trade Minister Dominic LeBlanc said Canada's negotiators "continue to be optimistic about the constructive tone" between the two countries."We're developing a constructive, professional, businesslike relationship with our American interlocutors while working to get the best economic deal we can for Canadians. So we'll see," LeBlanc said. U.S. President Donald Trump says his administration is terminating trade talks with Canada, "effective immediately." Trump made the decision because Canada was due to Canada, which he called "a very difficult country to trade with," moving ahead with a digital services tax on American technology firms that operate in Canada. "Based on this egregious Tax, we are hereby terminating all discussions on Trade with Canada, effective immediately," he wrote. "We will let Canada know the Tariff that they will be paying to do business with the United States of America within the next seven day period."The statement comes after Trump and Prime Minister Mark Carney had agreed at last week's G7 leaders' summit in Alberta to pursue negotiations on a new trade and security deal within 30 days.Pressure had been mounting on Ottawa from Canadian and U.S. business groups to pause the planned digital tax before it's set to kick in on June 30 to allow space for those negotiations. Story continues below advertisement But Finance Minister François-Philippe Champagne said last week the legislation was passed by Parliament and Canada is "going ahead" with the tax."The digital services tax) is here and it's going to be applied," he told reporters before a cabinet meeting on Parliament Hill.Global News has reached out to Champagne's office and the Prime Minister's Office for comment on Trump's statement. 1:51 U.S. may be looking to remove non-tariff barriers, report shows The digital services tax will hit companies like Amazon, Google, Meta, Uber and Airbnb with a three per cent levy retroactively, leaving U.S. companies with a US$2 billion bill due at the end of the month. A June 11 letter signed by 21 members of Congress urged 90 per cent of the revenue Canada will collect from the tax. Story continues below advertisement The Trump administration has been seeking to eliminate other countries' digital sales taxes, particularly in Europe, that the U.S. argues would be unfairly harmful to American firms. For news impacting Canada and around the world, sign up for breaking news alerts delivered directly to you when they happen. Those countries, as well as Canada, have argued such taxes are necessary to ensure fairness between countries that rely on services that don't pay corporate taxes.Canadian officials cited the U.S. business groups, organizations representing U.S. tech giants and American members of Congress have all urged letters in recent weeks calling for the tax to be eliminated or paused. "For many years, the Business Council of Canada has warned that the implementation of a unilateral digital services tax would risk undermining Canada's economic relationship with its most important trading partner, the United States. That unfortunate development has now come to pass," Goldy Hyder, president and CEO of the Business Council of Canada, said in a statement to Global News on Friday. "In an effort to get trade negotiations back on track, Canada should put forward an immediate proposal to eliminate the DST in exchange for an elimination of tariffs from the United States."Rick Tachuk, president of the American Chamber of Commerce in Canada, criticized Champagne's refusal to consider pausing the tax in an opinion article published in the Financial Post on Wednesday. "It's hard to understand why Ottawa would forgo flexibility at such a sensitive moment," he wrote, arguing moving ahead "risks worsening an already fragile Canada-U.S. relationship." Story continues below advertisement 0:59 Trump says trade deal with Canada is 'achievable' as he meets with Carney Carney said last Thursday that Canada will "adjust" its counter-tariffs on U.S. steel and aluminum depending on the outcome of trade and security negotiations.U.S.-Canada Trade Minister Dominic LeBlanc, who had been leading the talks until recently, told Global News ahead of the G7 that Canada could raise other counter-tariffs if a deal is not made soon. Story continues below advertisement The Prime Minister's Office had announced on Monday that Kirsten Hillman, Canada's ambassador to the U.S., would take on the role as Canada's top negotiator.Hillman, LeBlanc and other Canadian officials have been meeting with the Trump administration for several weeks to discuss reducing or eliminating U.S. tariffs on Canada. 4:51 Canada-U.S. trade talks accelerate as Carney hosts G7 leaders in Alberta Those tariffs have been steadily building and include not just sector-specific duties like steel, aluminum and autos, but also broad tariffs related to fentanyl and border security.The White House has previously said Canada would pay a blanket 12 per cent tariff on exports to the U.S. if those fentanyl-related tariffs were to be removed, under the Trump administration's so-called "reciprocal tariff" policy.That policy seeks to match U.S. tariffs to those imposed by other countries as well as account for "foreign trade barriers." In a March report, U.S. Trade Representative Jamieson Greer listed Canada's digital services tax as an example of such barriers. Story continues below advertisement Trump repeatedly terminated trade talks with Canada or threatened to do so during the difficult negotiations in his first term on updating the North American Free Trade Agreement.In those cases, as he did Friday, Trump would bring up the steep tariff rate quotas for foreign dairy products under Canada's supply management system, which has long been fought by U.S. governments and industry.Those suspensions were typically short-lived, however, and both countries and Mexico ultimately managed to secure the Canada-United States-Mexico Agreement (CUSMA). The updated free trade pact is due for review next year, but Trump has upended much of it with his aggressive tariff policy.The Trump administration has said goods traded under existing CUSMA rules aren't subject to the new tariffs after Trump ordered several carve-outs under the pact.—With files from the Canadian Press U.S. President Donald Trump Friday has signed a memorandum to impose tariffs on American tech companies with a US$2 billion digital service taxes on U.S. companies. TREASURY SECRETARY REVEALS 'PEACE DEALS' WITH CHINA AS RARE EARTH SUPPLIES SET TO FLOW Trump said the administration will inform Canada within the "next seven day period" of what tariff it will pay to do business with the U.S.The president added in his post that Canada is "a very difficult Country to TRADE with" and claimed that Canada has levied tariffs of up to 400% on U.S. dairy products. President Donald Trump meets with Canadian Prime Minister Mark Carney at the G7 summit in Kananaskis, Alberta, Canada, on June 16, 2025. (Reuters/Kevin Lamarque / Reuters)Following Trump's announcement, the U.S. dollar gained 0.7% against the Canadian dollar.Stocks pared their earlier gains on the news. The benchmark S&P 500 index reached an all-time high after rising 0.59% as of early afternoon, though it sank on the president's announcement to a gain of about 0.21% as the market neared the end of this week's trading. Stocks pared their earlier gains on the news. (Adam Gray for Fox News Digital / Fox News)Canada's digital services tax took effect in June 2024 and requires large businesses, whether they're headquartered in Canada or elsewhere, to pay a 3% tax on revenue earned from engaging with online users in Canada if they meet certain conditions. TRUMP WARNS SPAIN: PAY UP FOR DEFENSE OR PAY TWICE AS MUCH' IN TRADE NEGOTIATIONSPayments on the tax are due to be collected on Monday, and the tax applies to revenue from online marketplace services, online advertising, social media services and certain sales of user data.The Canadian government and the Trump administration have clashed over tariffs after the president slapped a series of levies on Canadian goods after his return to the White House earlier this year, prompting Canada to retaliate with tariffs on American exports. Canadian Prime Minister Mark Carney and President Donald Trump had previously set a deadline of July 21, 2025, to reach a deal on a new trade agreement between the two countries. (Artur Widak/NurPhoto via Getty Images / Getty Images)Many of those tariffs remain in effect as the two sides seek to compromise on a new trade framework. The U.S.-Mexico-Canada Agreement (USMCA), which Trump negotiated during his first term, is due to be renegotiated by next year - though the two governments have sought to conclude negotiations earlier.GET FOX BUSINESS ON THE GO BY CLICKING HERECanadian Prime Minister Mark Carney and President Donald Trump had previously set a deadline of July 21, 2025, to reach a deal on a new trade agreement between the two countries – which engage in a significant amount of bilateral trade. The U.S. is Canada's largest trading partner, while Canada is the second-largest source of American exports and one of the top three sources of U.S. imports. President Donald Trump said Friday that he had terminated trade discussions with Canada, claiming an incoming Canadian tax on tech companies including those based in the U.S.In a post on Truth Social, Trump referred to Canada as "a very difficult country to trade with" and said that its levy on tech firms — the first payment for which is due Monday — "is a direct and blatant attack on our Country.""Based on this egregious Tax, we are hereby terminating ALL discussions on Trade with Canada, effective immediately," he said. "We will let Canada know the Tariff that they will be paying to do business with the United States of America within the next seven day period."The office of Canadian Prime Minister Mark Carney didn't immediately respond to a request for comment.Last week Canada's finance minister said that he would not delay implementation of the digital services tax — which applies to any tech company making more than $15 million from Canadian internet users — even as U.S. trade talks continue. A lobbying group for some tech giants said the tax, which is retroactive to 2022, would cost U.S. companies as much as $3 billion. Those payments are due beginning June 30.Trump's post cuts short what had been a relatively calm period of trade-related announcements — a stretch that had helped markets recover to new highs — in February. Shortly after Trump's past week, the S&P 500 and Nasdaq indexes briefly turned negative.Friday had begun with encouraging comments from Treasury Secretary Scott Bessent, who indicated the deadline for trade deals from July 9 to Labor Day — and that country-by-country duties themselves were negotiable.A few hours later, Trump said that initial July 9 deadline was not set in stone, saying the U.S. could either extend or shorten it. Canada is the second-largest U.S. trading partner. Currently, the U.S. has a tariff of 25% applied to Canadian imports that don't comply with the U.S.-Mexico-Canada Agreement, the trade deal Trump inked during his first term before he upended it with a flurry of tariff announcements in his second.The 25% tariff on non-compliant Canadian goods excludes energy products, which are subject to a 10% rate. Canada is also heavily impacted by Trump's 50% tax on steel and aluminum imports — the target of a large foreign supplier of those materials to the U.S. And it has also been impacted by the 25% duties Trump has imposed on foreign-made vehicles and auto parts. One of U.S. President Donald Trump's freshly signed executive orders puts the Liberal government's digital services tax into the sights of America's Commerce, Treasury and Trade departments, threatening to further irritate the trade relationship between the two countries.The America First Trade Policy, signed by Trump on Friday Monday evening, seeks to ensure America's trading relationships bring maximum benefit to "American workers, manufacturers, farmers, ranchers, entrepreneurs and businesses."It directs his secretaries of the Treasury and Commerce departments as well as the United States Trade Representative (USTR) to investigate whether foreign countries are subjecting U.S. "citizens or corporations to discriminatory or extraterritorial taxes."Last June, the Liberal government enacted the digital services tax (DST) promising that it would bring in billions in revenues by hitting digital giants, with income of at least $1.1 billion, with a three per cent tax on revenues in Canada that are over $20 million.The tax is retroactive to Jan. 1, 2022. Business groups on both sides of the border oppose the DST, as did the Biden administration, which requested dispute settlement consultations with Canada under the Canada-United States-Mexico-Agreement (CUSMA) back in August.When that consultation period ended in November, the Biden administration did not take the dispute to the next step by requesting the establishment of a dispute resolution panel under CUSMA. There is no time limit under the U.S. could pursue that step.Trump could call for a panel to be struck, but trade experts say the process is lengthy and the new U.S. Treasury to prepare options for "protective measures." Story continues below advertisement A new Trump order could allow USTR's retaliatory duties to be reactivated. They were designed to offset the amount of digital service taxes collected.In 2021 USTR said it would impose 25% tariffs on about $887 million worth of goods from Britain, including clothing, footwear and cosmetics, and over $386 million worth of goods from Italy, including clothing, handbags and optical lenses.USTR said at the time it would impose tariffs on goods worth $323 million from Spain, $310 million from Turkey, $118 million from India and $65 million from Austria. USTR separately suspended tariffs on $1.3 billion worth of French cosmetics, handbags and other goods. President Donald Trump said on Friday that the U.S. is terminating all trade discussions with Canada. Trump cited Canada's digital services tax on American tech companies as the reason for ending talks. They are obviously copying the European Union, which has done the same thing, and is currently under discussion with us, also. Based on this egregious Tax, we are hereby terminating ALL discussions on Trade with Canada, effective immediately," Trump wrote. The Canadian government enacted the digital services tax (DST) promising that it would bring in billions in revenues by hitting digital giants with a three per cent tax on revenues in Canada that are over $20 million. The tax is retroactive to Jan. 1, 2022.Business groups on both sides of the border oppose the DST, as did the Biden administration, which requested dispute settlement consultations with Canada under the Canada-United States-Mexico-Agreement (CUSMA) back in August.When that consultation period ended in November, the Biden administration did not take the dispute to the next step by requesting the establishment of a dispute resolution panel under CUSMA. There is no time limit under which the U.S. could pursue that step.Trump could call for a panel to be struck, but trade experts say the process is lengthy and the new U.S. administration is unlikely to be willing to wait up to a year for a ruling.Trump's power to impose 50% tariffsJesse Goldman, a partner at the Canadian law firm Osler, Hoskin & Harcourt, who specializes in competition, trade and international law, told CBC News the DST is one of the "principal frictions" in the trading relationship between the U.S. and Canada."I think it's a virtual certainty that something will be done by way of unilateral U.S. action against Canada's digital services tax until such time as it's either withdrawn or Canada and the U.S. reach some other type of agreement," he said. Under Section 338 of the Tariff Act of 1930, Trump has the power to unilaterally impose tariffs of up to 50 per cent on imports if they are deemed to discriminate against the U.S. He could also ban a country's imports altogether. Goldman says while an outright ban is highly unlikely, if Canada doesn't drop the DST, Trump's reaction is likely to come in the form of a tariff enacted through the presidential proclamation that Section 338 allows. Canada, U.S. business groups urge actionThe Canadian Chamber of Commerce, which has long opposed the DST, told CBC News that Canada should use Trump's executive order as motivation to act "very strongly and conclusively" to scrap the tax. "With this memorandum there's no room for wondering any more, I think his position is very clear," the chamber's Jessica Brandon-Jepp said. "Canada's [digital services tax] is a severe trade risk that will both hurt our relationship with our largest trading partner while at the same time increasing costs for Canadians and making it harder to start or grow a business in Canada," she added.When legislation enabling the tax passed Parliament in June, the U.S. Chamber of Commerce said it would undermine digital exports, harm innovation and contravene Canada's international trade obligations. "At this very sensitive time in the Canada-U.S. trade relationship, we urge the Government of Canada to reconsider this unilateral and discriminatory new levy," the U.S. chamber said in a statement at the time. Watch | Freeland defends implementing the DST: Reporters question Finance Minister Chrystia Freeland about the risk of U.S. retaliation after Ottawa moved to implement a digital services tax. Goldy Hyder, president and CEO of the Business Council of Canada, told CBC News this week that Trump's executive order demonstrates that the DST is putting CUSMA at risk."There is a strong bipartisan consensus among Republicans and Democrats that Canada's DST discriminates against U.S. companies and violates our commitments under CUSMA," Hyder said in an email. "The value of any revenue collected by the tax is not worth the cost of imperilling our economic partnership with the United States," he added.The Computer and Communications Industry Association, which represents Apple, Meta, Amazon, Uber, eBay and Google among other digital giants, said the tax violates the fundamental nature of free trade."There's an expectation that your home government is the one who taxes you, not the entity where the service is necessarily delivered, so it really undermines this fundamental aspect of how trade works," Jonathan McHale told CBC News."We don't ask for a share of the profits on softwood lumber, maple syrup, hockey sticks," he said. "It's very unusual to extend the reach of taxing authorities to this cross-border space." Trudeau won't rule out negotiating DSTThe Canadian Centre for Policy Alternatives (CCPA) supports the DST and has argued that tech giants facing the tax are largely unregulated and experience an already low tax burden. "It's completely fair that we should be requiring these companies to pay some tax on all the money that they supply in Canada," said Stuart Trew, the CCPA's director of its trade and investment research project.He said that a fear over the prospect of U.S. tariffs on Canadian imports is motivating business on both sides of the border to increase their opposition to the tax. "It's one of many areas where we are facing a barrage of economic coercion from Trump to squeeze such wins or to force Canada into some kind of stepping back and it's a bit of a wake-up call that we are not dealing with a friendly and reliable trading partner anymore," Trew said.Katrina Miller, executive director of Canadians for Tax Fairness, says her group also supports the DST and wants Canada to reach out to countries that have implemented a similar tax to build a co-ordinated response to Trump. "We aren't surprised that Trump has targeted the tax," she told CBC News. "It fits with his protectionist agenda and serves the interests of the owners of digital companies that are closely allied to Trump."Watch | 'We will stay steady' in face of unpredictability from Trump, PM says: Prime Minister Justin Trudeau, speaking from Montebello, Que., a day after President Donald Trump's inauguration, was asked how Canada can manage its relationship with the U.S. in the face of unpredictability from the president around tariffs and trade. Asked on Tuesday if he was willing to negotiate the DST with the Trump administration, Prime Minister Justin Trudeau did not rule it out. "Obviously I do not intend to negotiate in public," he said speaking at the Liberal cabinet retreat in Montebello, Que. "We will always be there to work in a constructive manner with our U.S. partners while at the same time defending our own interests all the while. And it has always been the important to defend our own interests," he said.The federal government sees the DST as a way to date and capture revenues earned in Canada."Canada strongly supports international efforts to end the corporate tax race to the bottom and to ensure that all corporations, including the world's largest corporations, pay their fair share," former finance minister Chrystia Freeland's press secretary, Katherine Cuplinskas, told CBC News when the tax was enacted.On Wednesday, the Ministry of Finance said the DST is not a response to "tax avoidance" by digital giants. "The DST is a response to a lack of existing tax rules to take into account new ways of doing business," the department said in a statement. "It targets new business models for which the monetization of data and content contributions of Canadian users is a key value driver."The Parliamentary Budget Office estimated last year that the tax would bring in more than $7 billion over five years. The 2024 budget forecast revenues at $5.9 billion over five years, starting in 2024-25.The Computer and Communications Industry Association estimates that U.S. companies could pay as much as $1 billion a year in tax if the measure remains on the books.