Regulatory News: Alerts & Updates

Regulatory Alert: US imposes Section 338 tariffs upon certain products of Canada

August 25, 2026

SUMMARY

The United States imposed additional 50% tariffs on certain products of Canada effective August 22, 2026. This tariff action was implemented under Section 338 of the Tariff Act of 1930 as directed by multiple Presidential Proclamations. Affected products are specified by Harmonized Tariff Schedule of the United States (HTSUS) numbers listed in the proclamations' annexes.

BACKGROUND

On July 20, 2026, Presidential Proclamations 11046, 11047, and 11048 were issued imposing 50% tariffs on certain products of Canadian origin effective August 19, 2026. Before the scheduled effective date, Presidential Proclamation 11056 suspended implementation of the additional duties until August 22, 2026.

WHAT HAS CHANGED?

The additional tariffs became effective for impacted goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern time on August 22, 2026. Examples of products affected include specified alcoholic beverages, dairy products, jewellery, machinery, furniture, and sporting goods. For a full list of impacted products, please review the annexes of the Presidential Proclamations listed in the References section on page 3.

US Customs and Border Protection (CBP) posted its implementation instructions in Cargo Systems Messaging Service (CSMS) # 69606660, which included the applicable HTSUS numbers and identified duty exemptions.

EXEMPTIONS

The CSMS message details the list of exemptions to the Section 338 tariffs. While the full list may be found in the annexes of the Presidential Proclamations, examples of exempted products include:

- Articles of civil aircraft
- Goods subject to Section 232 tariff actions such as:
  - Aluminum, steel, and copper articles, including certain derivative aluminum and steel products
  - Passenger vehicles and their parts
  - Semiconductor articles
  - Patented pharmaceutical articles
- Articles properly classified in Chapter 98 of the HTSUS, except for:
  - Goods entered under heading 9802.00.80. For these goods, the additional duties apply to the value of the article assembled abroad, less the cost or value of such products of the US.
  - Goods entered under HTSUS subheadings 9802.00.40, 9802.00.50, and 9802.00.60. For HTSUS subheadings 9802.00.40, 9802.00.50, and 9802.00.60, the additional duties apply to the value of repairs, alterations, or processing performed as described in the applicable subheading.

Goods that qualify for an exemption should have any applicable Chapter 99 HTSUS subheading(s) noted on the commercial invoice along with all supporting documentation to substantiate the claim.

Q & A

1. **Does this action mean that all products of Canada now have a 50% duty rate?**
   No. The Section 338 tariffs impact specific products with a duty rate that is in addition to the HTSUS Chapters 1-97 Most Favored Nation (MFN) duty rate as well as any other additional duties that may apply, such as Section 301 tariffs. For more information about which products are impacted by the Section 338 tariff action, please visit the links in the References section on page 3.

2. **If my products qualify for special tariff treatment under the United States-Mexico-Canada Agreement (USMCA), do these additional tariffs still apply?**
   There is no exemption to the Section 338 tariffs for affected goods that qualify for preferential tariff treatment under USMCA. However, USMCA preferential treatment continues to apply to the HTSUS Chapters 1-97 MFN duty rate as well as certain other tariff actions. As a result, importers should continue to claim USMCA treatment where applicable and continue to provide all supporting USMCA details with their shipping documentation.

3. **Is duty drawback available for duties paid related to the Section 338 duties?**
   CSMS # 69606660 states that duty drawback is available, where applicable, for articles impacted by this tariff action. A full list of these impacted products can be found in the annexes of the Presidential Proclamations listed in the References section on page 3.

4. **Are there impacts to products being imported to a Foreign Trade Zone (FTZ)?**
   CSMS # 69606660 provides instruction that except for products eligible for admission under "domestic status" as defined in 19 CFR 146.43, impacted products being admitted to an FTZ may only be admitted as "privileged foreign status," as defined in 19 CFR 146.41, and "will be subject upon entry for consumption to any ad valorem rate of duty related to the classification under the applicable HTSUS subheading."

REFERENCES

Presidential Proclamation 11046 "Imposing Additional Duties to Offset Canadian Discrimination Against the Commerce of the United States with Respect to Alcoholic Beverages" published on July 20, 2026
https://www.govinfo.gov/content/pkg/FR-2026-07-23/pdf/2026-14991.pdf

Presidential Proclamation 11047 "Imposing Additional Duties to Offset Canadian Discrimination Against the Commerce of the United States with Respect to Dairy" published on July 20, 2026
https://www.govinfo.gov/content/pkg/FR-2026-07-23/pdf/2026-14992.pdf

Presidential Proclamation 11048 "Imposing Additional Duties to Offset Canadian Discrimination Against the Commerce of the United States with Respect to Motor Vehicles" published on July 20, 2026
https://www.govinfo.gov/content/pkg/FR-2026-07-23/pdf/2026-14997.pdf

Presidential Proclamation 11056 "Temporary Suspension of Additional Duties to Offset Canadian Discrimination Against the Commerce of the United States with Respect to Alcoholic Beverages, Dairy, and Motor Vehicles" published on August 18, 2026
https://www.govinfo.gov/content/pkg/FR-2026-08-24/pdf/2026-17294.pdf

CSMS # 69606660 "GUIDANCE: Section 338 Additional Duties on Certain Goods of Canada"
https://content.govdelivery.com/bulletins/gd/USDHSCBP-4261d04?wgt_ref=USDHSCBP_WIDGET_2