Canada-U.S. trade war: What B.C. businesses need to know

WHAT ARE THE NEW SECTION 338 TARIFFS?

The U.S. has imposed a 50% tariff on select Canadian products under Section 338 of the Tariff Act of 1930, including our manufacturing and forestry sectors and many products previously unaffected by U.S. tariffs.

WHAT ABOUT THE CUSMA EXCEPTION?

Most products on the Section 338 tariff lists face the 50% tariff even if they are "CUSMA-compliant" under the terms of the Canada-United States-Mexico Agreement (CUSMA).

WHAT PRODUCTS ARE COVERED UNDER SECTION 338 TARIFF LISTS?

Please see the following links for a list of products impacted by the new U.S. tariffs that are relevant for B.C. businesses:

- Various dairy and agrifood products - *List 1, List 2, List 3*
- *Various products including wood and building products, machinery & equipment*
- *Various products including wine and alcohol, metals, aircraft and furniture*
- *Various products Including electrical panels*

Note: Not all products within these categories are subject to Section 338 tariffs. Coverage depends on the specific product's tariff classification (HS/HTS code).

KEY EXCLUSIONS

These are the products that are not affected by the new tariffs.

- Energy products
- Fish and seafood
- Certain critical minerals
- Some products already covered by Section 232 tariffs

KEY STEPS FOR B.C. BUSINESSES

- *Identify the HS/HTS codes* for the product(s) you currently export to the U.S.
- Review the Section 338 tariff lists for your product(s). See lists provided under Section 338.
- *Determine if products you import from the U.S.* are now subject to Canadian counter-measures.
- Identify available government supports. See "Find help here" section at the end for more details.

HOW DO SECTION 338 TARIFFS DIFFER FROM THE OTHER TARIFFS THE U.S. HAS PREVIOUSLY INTRODUCED?

Section 338 allow the U.S. President to impose tariffs of up to 50% without a formal trade investigation process. Unlike tariffs imposed under authorities such as Sections 232 or 301, Section 338 tariffs can apply to goods that would normally qualify for duty-free treatment under CUSMA and can remain in place indefinitely unless revoked.

IMPORTANT CONSIDERATIONS FOR B.C. BUSINESSES

- Tariffs can apply at the tariff-line level, not simply by broad sector.
- CUSMA eligibility may remove or reduce a tariff under some measures, but not others.
- Products may be subject to exclusions, quotas or additional conditions.

ABOUT U.S. SECTION 301 TARIFFS, RELATED TO FORCED LABOUR

- While the U.S. imposed Section 301 tariffs on July 24, 2026, goods that quality for preferential treatment under CUSMA are exempt. There are also product-specific exclusions.
- Although Canada has strong measures against forced labour, it was listed among a group of 60 countries covered by these tariffs.
- The tariff rate for non-CUSMA compliant goods is 10%.

ABOUT U.S. SECTION 232 TARIFFS ON SECTORS

- Section 232 tariffs, that came into effect at various points of time, apply to specified imports including certain lumber, steel, aluminum, copper, autos, trucks, buses, furniture and wood products, and semi-conductors.
- *Tariff rates vary depending on the product.*
- There is no CUSMA exemption for products impacted by this tariff.

FIND HELP HERE

- *Government of British Columbia response to unjustified U.S. tariffs*
- *Government of Canada supports for workers and businesses*
- *List of U.S. Products subject to Canadian counter-tariffs*

If you have further questions, please contact us at *BCTariffResponse@gov.bc.ca*

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