

## US-Canada Aluminum Trade War Returns

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**August 13, 2020**

The disruption to supply chains caused by the recent COVID-19 pandemic received yet another blow this week after Canada responded quickly to President Trump's August 6 Presidential Proclamation re-imposing the 10% tariff on imports of non-alloyed unwrought aluminum products from Canada.

Effective September 16, 2020, Canada will apply its own 10% tariffs on approximately C\$3.7 billion worth of US aluminum and aluminum-containing products imported into Canada.

The origin of this current "tit-for-tat" rests with the US administration's protectionist mantra and obsession with the use of Section 232 tariffs against imports from around the world as a mechanism to bolster its own domestic economic recovery. The approach is not new, but it's untrammelled use by the current administration *is* new.

Referencing his original Section 232 Proclamation No. 9704 of March 8, 2018, President Trump stated that imports of this form of aluminum had "increased substantially" and were "principally responsible for the 27 percent increase in total aluminum imports from Canada during June 2019 through May 2020."

As a result, imports of non-alloyed unwrought aluminum provided for in Harmonized Tariff Schedule (HTS) subheading 7601.10 will again, as of August 16, 2020, be subject to the 10% duty. The proclamation explains that tariff exclusions granted by the Department of Commerce for aluminum products from Canada that have not expired will remain valid and that previously granted exclusions that have expired may be renewed.

Canadian Deputy Prime Minister Chrystia Freeland, in a press statement, responded: "Canadian aluminum does not undermine US national security. Canadian aluminum strengthens US national security and has done so for decades through unparalleled cooperation between our two countries. Canada is a reliable supplier of aluminum for American value-added manufacturers."

True to her word, Canada will "swiftly impose dollar-for-dollar countermeasures" consisting of a 10% surtax on C\$3.7 billion worth of aluminum and aluminum-containing products from the US.

The surtaxes will go into effect on September 16, 2020, and will remain in effect until the US tariffs on Canadian aluminum are removed.

In the meantime, Canadian importers and downstream users have until September 6, 2020, to make

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submissions to the GOC to have products removed (or added) to the list.

The proposed retaliation list can be found here:

- Notice of intent to impose countermeasures action against the United States in response to tariffs on Canadian aluminum products - Government of Canada

The list is all encompassing and covers a broad range of aluminum containing products used in further manufacturing in Canada and for direct retail sale. (See Table 1, under Submission of Comments, for proposed list.)

Our International Trade Group can assist companies in modifying their supply chains to account for this current disruption and also assist in making applications to the Government of Canada to have products removed from the list and to apply for exemptions for imports on the list.

For more details:

- Notice of intent to impose countermeasures action against the United States in response to tariffs on Canadian aluminum products - Government of Canada
- Statement by the Deputy Prime Minister on US tariffs on imports of Canadian aluminum - Deputy Prime Minister of Canada
- Deputy Prime Minister's remarks for aluminum tariff response
- Proclamation on Adjusting Imports of Aluminum the United States - White House
- Statement on Presidential Proclamation - Office of the United States Trade Representative

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