

Canada Launches 30-Day Consultation Period on Prohibitive Tariffs on Imports of Chinese Electric Vehicles

Brenda C. Swick

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The Government of Canada (GOC) has commenced a [30-day consultation period](#) starting on July 2, 2024, to hear from interested parties “on potential policy responses to protect Canada’s auto workers and its growing electric vehicle [EV] industry from China’s unfair trade policies and practices.”

The announcement follows recent action by the United States to increase Section 301 tariffs on the import of Chinese EVs and certain hybrids to 100 percent on August 1, 2024, and the European Commission’s decision to apply provisional countervailing (anti-subsidy) duties on Chinese imports on July 4, 2024. The moves are in response to a rapid growth in China’s annual EV exports from \$0.2 billion in 2018 to \$47.2 billion in 2021. Canada and its trading partners consider this growth to be the result of extensive state subsidies and other non-market practices.

GOC welcomes submissions on the following potential response measures:

- **Surtax:** Whether to impose a surtax (under section 53 of the *Customs Tariff*) on all or some of the Chinese vehicles listed in Annex 2 (which includes a host of hybrid or electric passenger vehicles, trucks, buses, and similar vehicles powered by fuel cells).
- **Incentive Program Ineligibility:** Whether to exclude zero-emission vehicles made in China from eligibility under the Incentives for Zero-Emission Vehicles (iZEV) Program and Heavy-Duty Zero-Emission Vehicles (iMHZEV) Program, both of which provide point-of-sale incentives for the purchase of new passenger and commercial EVs.
- **Investment:** Whether additional actions such as further policy guidance, monitoring, or restrictions related to transactions and investment from Chinese sources in the Canadian EV supply chain are required or would be desirable to safeguard net-benefits to Canadians and Canadian national security.
- **Cyber and Data Security Issues in Connected Vehicles:** Whether information and communications technology and services (ICTS) developed, manufactured, or supplied by persons subject to the jurisdiction or direction of China present risks to the privacy of Canadians, their data, and Canada’s national security interests, including instances where vulnerabilities in the ICTS may be exploited.
- **Other Measures:** Whether there are other potential policy responses that Canadians and stakeholders would like to propose, including proposal related to protecting Canada’s broader EV supply chains, including steel and aluminum.

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The Cassels [International Trade](#) Team will continue to monitor the results of the consultation process and any new responses measures introduced by Canada.

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