Cassels

As CUSMA Negotiations Approach Deadline, Trump Administration Proposes Additional 10% Tariff on Canada

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On June 2, 2026, the United States Trade Representative (USTR) proposed additional duties of 10% on all goods from certain investigated economies, including those from Canada, Mexico, and the European Union.[1] The proposed duties will not cover compliant goods of Canada or Mexico under the US-Mexico-Canada Agreement (CUSMA or USMCA).

The proposal follows an investigation and Report where the USTR determined that the investigated economies had failed to either adopt or effectively enforce prohibitions on the importation of goods produced with forced labour. The USTR held that the acts, policies, and practices of each of the 60 economies covered in the investigations are unreasonable and burden or restrict US commerce, and thus are actionable under section 301 of the Trade Act of 1974 (Trade Act).

The USTR found Canada, amongst other countries, had failed to effectively enforce a prohibition on the importation of goods produced with forced labour.

The USTR determined that the failure to impose and effectively enforce a forced labour import prohibition is unreasonable because it:

- undermines the universal aim of elimination of forced labour;
- permits firms that avail themselves of forced labor to produce goods at a lower cost, consequently distorting market conditions for firms that do not use forced labour;
- undermines the profitability of firms that do not use forced labour; and
- contributes to the circumvention of existing forced labour import prohibitions.

As set out in the Federal Register Notice, the public is invited to provide written comments on the proposed actions by July 6 and interested persons are invited to submit requests to appear at the hearing about the proposed actions scheduled for July 7, 2026.

In response to the proposed actions, Prime Minister Mark Carney commented that “Canada has a very strong legislative regime against forced labour in supply chains,” and that it wishes to use its influence to eliminate this practice. It has also been reported that the government intends to soon introduce legislation reinforcing Canada’s current regime against forced labour.

The Cassels International Trade Group will continue to monitor these developments.

[1] See Federal Register Notice.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.