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Trump to Impose Additional 50% Tariffs on Canadian-Origin Goods

Brenda C. Swick, Orlando E. Silva, Aditi Mallavarapu, Pasha Mabanza, Maryam Helmy

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On July 20, 2026, US President Donald J. Trump signed three Presidential Proclamations imposing a 50% tariff on a broad range of Canadian-origin goods effective, August 19, 2026.[1] The measures were enacted under Section 388 of the *Tariff Act of 1930* and apply regardless of whether covered goods qualify for duty-free treatment under the Canada-United States Mexico Agreement (CUSMA).[2] While the Proclamations are tied to disputes involving motor vehicles, alcoholic beverages, and dairy products, the covered goods listed in Annex II to each Proclamation extend well beyond those and affect a broad range of Canadian exports.[3]

For Canadian businesses, the key message is clear: **CUSMA compliance may no longer eliminate US tariff risk.**

Which Products Are Affected?

The alcoholic beverages Proclamation applies to products including beer, wine, whisky and other distilled spirits, together with certain products associated with the beverage supply chain.

The dairy Proclamation covers milk and cream products, whey products, milk protein concentrates, casein, lactose and other dairy-derived ingredients.

Most notably, the "motor vehicles" Proclamation is not directed at vehicles or automotive parts. Instead, it captures a broad range of Canadian exports, including certain agricultural products, furniture, apparel and textiles, sporting goods, building materials and cement, machinery and other manufactured goods. Over 400 tariff codes under the Harmonized Tariff Schedule of the United States (HTSUS) of Canadian products are listed in Annex II.[4]

Products already subject to Section 232 duties under the *Trade Expansion Act of 1962*, including steel, aluminum, passenger vehicles and automotive parts, are generally excluded. The White House has also indicated that energy products, potash, fish, critical minerals, and qualifying civil aircraft and aircraft parts are excluded.[5]

Because the tariffs apply at the tariff-classification level, businesses should review the annexes carefully before concluding that a product is unaffected.

Why It Matters

The Proclamations represent the first modern use of Section 338 and continue a broader trend toward unilateral US tariff measures operating outside the preferential framework established by CUSMA.

The most significant feature of the new measures is that they apply to covered Canadian-origin goods regardless of whether those goods qualify as originating under CUSMA.[6] A product that enters the United States duty-free under CUSMA may nevertheless be subject to the additional 50% tariff if it falls within a covered tariff classification of the HTSUS listed in Annex II to each Proclamation.

For businesses that have structured North American supply chains around CUSMA preferences, this is a significant development. More broadly, it reinforces an emerging reality in Canada-US trade: preferential treatment under CUSMA does not necessarily protect against unilateral US tariff action.

The administration's reliance on Section 338 of the *Tariff Act of 1930* is also noteworthy. Unlike Section 232 of the *Trade Expansion Act of 1962* and Section 301 of the *Trade Act of 1974*, Section 338 does not require a lengthy administrative investigation and has received little modern judicial scrutiny. Following the US Supreme Court's decision limiting the Trump administration's reliance on International Emergency Economic Powers Act (IEEPA) tariffs,[7] Section 338 may emerge as an increasingly important tool in US trade policy.

What Should Exporters Do Now?

Canadian exporters should promptly:

- review product classifications against HTSUS codes listed in Annex II to each Proclamation;
- assess contractual responsibility for tariff costs;
- evaluate pricing and supply-chain impacts;
- consider customs and tariff-mitigation options; and
- monitor further developments, including potential Canadian responses.

The Proclamations may be amended, expanded or withdrawn by further presidential action, and any legal challenges are unlikely to provide near-term relief. Accordingly, affected businesses should assume the tariffs will take effect as scheduled on August 19, 2026, and assess their exposure now.

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

1 Presidential Proclamation, *Imposing Additional Duties to Offset Canadian Discrimination Against the Commerce of the United States With Respect to Motor Vehicles* (July 20, 2026); Presidential Proclamation, *Imposing Additional Duties to Offset Canadian Discrimination Against the Commerce of the United States With Respect to Alcoholic Beverages* (July 20, 2026); Presidential Proclamation, *Imposing Additional Duties to Offset Canadian Discrimination Against the Commerce of the United States With Respect to Dairy* (July 20, 2026).

2 The White House, *Fact Sheet: President Donald J. Trump Imposes Additional Tariffs on Canada* (Washington, DC: The White House, 2026).

3 Annex II to each Proclamation, supra note 1.

4 Motor Vehicles Proclamation, Annex II, supra note 1.

5 Annex I to each Proclamation, supra note 1; White House, *Fact Sheet: President Donald J. Trump Imposes Additional Tariffs on Canada* (July 20, 2026), supra note 2.

6 White House, *Fact Sheet: President Donald J. Trump Imposes Additional Tariffs on Canada* (July 20, 2026), supra note 2.

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