# US imposes new Section 338 tariffs on certain Canadian imports

July 22, 2026

## In brief

### What happened?

President Trump on July 20 issued three proclamations under Section 338 of the Tariff Act of 1930, imposing an additional 50% ad valorem duty on certain Canadian-origin goods in response to what the administration describes as discriminatory Canadian measures affecting US motor vehicles, alcoholic beverages, and dairy products. The additional duties are scheduled to take effect on August 19, 2026, and generally apply to covered Canadian-origin goods regardless of whether they qualify for preferential treatment under the United States-Mexico-Canada Agreement (USMCA), subject to specified exclusions.

### Why is it relevant?

These proclamations appear to mark the first use of Section 338 and add further complexity to the US tariff landscape for imports from Canada. According to the White House fact sheet, these measures apply to specified Canadian-origin goods, including wine, hockey sticks, and cement. The new duties do not apply to products already subject to Section 232 duties, energy, potash, and certain other goods like fish and critical minerals.

### Actions to consider

Companies importing goods from Canada should review whether their products are subject to the new Section 338 tariffs, assess how the new duties interact with existing Section 232 measures and other trade programs, and evaluate the resulting financial and supply chain impact. Companies also should monitor forthcoming US Customs and Border Protection (CBP) guidance and Harmonized Tariff

Schedule of the United States (HTSUS) updates addressing the scope of covered products and entry procedures.

# In detail

## Background

The three proclamations rely on Section 338 of the Tariff Act of 1930, which authorizes the President to impose additional duties of up to 50% ad valorem to address foreign discrimination against US commerce. Each proclamation imposes an additional 50% duty on specified Canadian-origin products identified in the applicable annexes, effective for goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern time on August 19, 2026. Although the proclamations respond to Canadian measures affecting the motor vehicle, alcoholic beverage, and dairy sectors, the covered products span a much broader range.

## Motor vehicles

Regarding motor vehicles, the administration states that Canada treats US vehicle exports less favorably than vehicle exports from other countries. The proclamation points to Canada’s 25% tariff, imposed since April 9, 2025, on certain US motor vehicles, tariffs on the value of content that does not originate in Canada or Mexico in some USMCA-qualifying vehicles, and automaker-specific tariff-rate quotas that the administration says encourage production in Canada and disadvantage US producers.

In response, President Trump imposed the additional 50% ad valorem duty on specified Canadian-origin products identified in the applicable annexes. The proclamation states that the measure is intended to offset the burden or disadvantage on US commerce resulting from Canada’s motor vehicle tariff treatment.

## Alcoholic beverages

The proclamation addressing alcoholic beverages states that Canadian provinces and territories, beginning in March of 2025, halted the purchase, distribution, or retailing of US alcoholic beverages, although Alberta and Saskatchewan subsequently lifted their bans. The administration states that Canada did not impose similar restrictions on alcoholic beverages from other countries and characterizes these actions as an unreasonable and unequal imposition on US commerce.

In response, President Trump imposed the additional 50% ad valorem duty on specified Canadian-origin products identified in the applicable annexes. The proclamation states that the measure is intended to address the resulting disadvantage to US commerce.

## Dairy products

The proclamation addressing dairy products states that Canada administers its cheese tariff-rate quotas (TRQs) in a manner that gives more favorable treatment to EU cheese under the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) than to US cheese under USMCA. Specifically, the proclamation states that retailers are eligible to obtain and use quota under the CETA cheese TRQ, but are not eligible to obtain and use quota under the comparable USMCA cheese TRQ.

In response, President Trump imposed the additional 50% ad valorem duty on specified Canadian-origin products identified in the applicable annexes. The proclamation states that the measure is intended to offset the burden or disadvantage to US commerce from Canada's treatment of US dairy exports.

# Let's talk

For a deeper discussion of how this issue might affect your business, please contact:


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