

March 12, 2025

March 6 Amendments to U.S. Tariffs on Imports from Canada

Q&A

How long will these tariffs be in place?

- On February 1, 2025, President Trump signed an Executive Order applying 25 per cent tariffs on all U.S. imports from Canada, with energy and potash imports subject to a 10 per cent tariff under the *International Emergency Economic Powers Act* (IEEPA). On February 3, the President announced a pause on these tariffs until March 4.
- Following the pause, U.S. tariffs on all imports from Canada went into effect from 12:01 am Eastern time on March 4, 2025, to midnight on March 6, 2025, regardless of whether they qualified for preference under the CUSMA.
- In a March 6, 2025 [Executive](#) Order, as of 12:01 am Eastern time on March 7, 2025, U.S. tariffs have been paused for goods imported from Canada that qualify for preferential treatment under the Canada-United States-Mexico Agreement (CUSMA).
- U.S. imports from Canada that occurred while the tariffs were in place (i.e., 12:01 am Eastern time on March 4, 2025, to 12:00 am Eastern time on March 7, 2025) were subject to the 25 per cent or 10 per cent tariff rate.
- The March 6, 2025, Executive Order amending tariffs on imports from Canada (implementing the CUSMA exemption) does not include an end date for the CUSMA exemption.

What does “USMCA/CUSMA-compliant” mean?

- As of March 7, tariffs have been paused for goods imported from Canada that qualify for preferential treatment under the CUSMA.
- For the vast majority of goods (over 98 per cent of tariff lines and over 99.9 per cent of bilateral trade between Canada and the U.S.), traders will be able to claim preference under the CUSMA if they meet the Agreement’s rules of origin.
- To qualify for preferential treatment when imported into the U.S., a good must meet the CUSMA rules of origin, which determine how much production must be undertaken in North America for goods to be considered originating under the Agreement.
- If a good meets the rules of origin, it is not automatically granted duty-free tariff treatment. This benefit must be claimed by the importer on the basis of a certification of origin. Goods that do not satisfy the rules of origin are considered non-originating and are not eligible for preferential tariff treatment under the Agreement.
- Some Canadian exporters have not sought preferential treatment under CUSMA, because they previously traded with the U.S. under the broader tariff regime applicable to all World Trade Organization members (Most-Favoured Nation trade status), often with very low or zero tariff rates. These goods would now be subject to the IEEPA tariffs unless they meet the CUSMA rules of origin and make a claim for preferential tariff treatment.

How does an importer claim preferential treatment under the CUSMA?

- To be eligible for duty free treatment, an importer must claim CUSMA preference based on a certification of origin completed by the exporter, producer or importer. Details on what

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information should be included in a certification of origin can be found here: <https://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-4-14-eng.html> .

- Goods not accompanied by a certification of origin are considered non-originating and do not qualify for preferential tariff treatment.
- There are also record keeping requirements associated with claiming the preferential tariff treatment. These requirements are found in Chapter 5 of the CUSMA (Origin Procedures).

What are the rules of origin under the CUSMA?

- The CUSMA rules of origin includes both general rules of origin and product-specific rules of origin (PSROs).
- Certain goods (e.g., vegetables harvested in Canada or minerals mined in Canada) are subject to a wholly obtained rule of origin.
- Other goods that have been manufactured using imported materials or a combination of imported and North American materials will be considered “originating” if they meet the PSROs.
- The CUSMA PSROs generally include three types of criteria:
 - a change in tariff classification where the final good must be classified differently than the inputs used to make the good. For example, under the CUSMA rules of origin, a producer could import oak (classified in HS subheading 4407.91) from outside of North America to make a wood kitchen table (classified in HS subheading 9403.40),
 - a value requirement where a certain percentage of value must be added in North America; and,
 - a process requirement where the good must undergo a specified process, e.g., a shirt must be “cut and sewn” in North America.

How do traders know what product-specific rules of origin apply?

- All goods are subject to a product-specific rule of origin (PSRO), based on where they are classified in [the Harmonized Commodity Description and Coding System](#) (HS).
- The HS classifies all products using codes that are organized by chapter (2 digits), heading (4 digits) and subheading (6 digits). HS codes are harmonized internationally up to the 6-digit level.
- Much like a telephone book, traders can look up a rule for their specific product by looking up its HS classification and finding the corresponding PSRO under the CUSMA.
- For goods imported into the U.S., the final decision on the classification and tariff treatment of a good rests with the U.S. Customs and Border Protection (CBP).
- If there is any uncertainty regarding the importation of a good into the U.S., Canadian traders should direct their questions to the CBP. Traders may also request advance rulings from the CBP, which provide binding information on tariff classification and the treatment of a good.
- Customs brokers are a good resource to help in determining whether your good meets the rules of origin.

What goods are now subject to tariffs when imported into the U.S.?

- Under the delay that took effect on March 7, 2025, any good that does not enter the U.S. under CUSMA preferential duty-free treatment will be subject to the 25 or 10 per cent tariff applied by the U.S. on all imports from Canada (noting that the tariff rate for potash has now been reduced from 25 per cent to 10 per cent).

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- A few agricultural goods (e.g. certain dairy products, sugar and sugar-containing products) will be subject to tariffs if they do not qualify for preferential treatment under the CUSMA tariff-rate quotas.
- Similarly, certain textiles and apparel goods that have been woven or cut and sewn in North America but do not meet the rules of origin, will be subject to these tariffs unless they are eligible for preferential treatment under tariff preference levels (TPLs).
- This pause does not apply to Section 232 tariffs on steel and aluminum, which came into force on March 12, 2025, or any additional tariffs that may come into force on April 2, 2025, as previously indicated by the U.S. Administration.

What does this pause mean for the U.S. Section 232 tariffs on steel and aluminum?

- The U.S. Section 232 tariffs on steel and aluminum came into force as of 12:01 am Eastern time on March 12, 2025.
- The pause of tariffs implemented under the *International Emergency Economic Powers Act* (IEEPA) for goods that qualify for preferential treatment under the CUSMA does not apply to the Section 232 tariffs.
- Canadian exports of steel and aluminum to the U.S. that qualify for preferential treatment under the CUSMA when imported into the U.S. will now face tariffs of 25 per cent.
- Canadian exports of steel and aluminum to the U.S. that do not qualify for preferential treatment will face cumulative tariffs of up to 50 per cent.
- The U.S. Section 232 measures also apply to the steel and aluminum content in certain derivative products. The U.S. has not issued guidance with respect to how the value of steel and aluminum will be calculated for these goods, but there would be a cumulative effect for these goods as well, if they do not qualify for preferential treatment under the CUSMA.

What percentage of U.S. imports from Canada currently qualify for preferential treatment under the CUSMA?

- Canadian exports that previously entered the U.S. on an MFN tariff-free basis will now need to comply with the CUSMA rules of origin to avoid the new U.S. tariffs that entered into force on March 4, 2025.
- The actual scope of U.S. imports from Canada that can qualify for preferential treatment under CUSMA is unclear given that many have been subject to zero per cent Most-Favoured-Nation (MFN) tariffs in the U.S. and therefore previously chose not to comply with the CUSMA rules of origin to benefit from tariff-free treatment.
- Information on the tariff treatment, including CUSMA treatment, according to U.S. imports is publicly available at the following U.S. government website: [DataWeb: U.S. Trade & Tariff Data](#) (English only).

What goods are not covered by the CUSMA?

- For both Canada and the U.S., there are certain goods that are not fully eligible for preferential treatment under the CUSMA, even if they meet the Agreement's rules of origin.
- In those select instances, both Canada and the U.S. provided tariff-rate quota (TRQ). A TRQ is a quota that establishes a limit on the quantity of a product that may be imported at a lower (within access) preferential tariff rate. For example, under CUSMA, Canada and the U.S. maintain TRQs on certain dairy products, sugar and sugar-containing products.

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What can producers do if their goods do not meet the CUSMA rules of origin?

- The CUSMA rules of origin are intended to reflect North American supply chains and production processes to the extent possible. However, certain goods, including those that use high amounts of materials imported from outside of North America, may not qualify under the Agreement.
- To ensure the ability to meet the CUSMA rules of origin, producers may need to explore alternative sourcing options that increase the North American content in their goods.
- The Government of Canada will also continue to support Canadian businesses to diversify and expand their export markets, including through the Trade Commissioner Service and the comprehensive free trade agreements that Canada has in place.

Where can traders go if they need help?

- Customs brokers and consulting or accounting firms can provide useful guidance to traders.
- For general information regarding the CUSMA rules of origin and help finding the tariff classification of a good, traders may wish to consult the following:
 - [Find the tariff applicable for your product | Canada Tariff Finder](#) | [Frais de douane applicable à votre produit | Info-Tarif Canada](#)
 - [Canada-United States-Mexico Agreement \(CUSMA\) - Chapter 4 - Rules of Origin](#) | [Accord Canada-États-Unis-Mexique \(ACEUM\) - Chapitre 4 - Règles d'origine](#)
 - [World Customs Organization - Rules of Origin Facilitator](#) | [Organisation mondiale des douanes - Facilitateur des Règles d'origine](#)
- More information about importing goods into Canada can be found at the following links:
 - [Importing goods into Canada – Importer des marchandises au Canada](#) | [Certifying the origin of goods – Certification de l'origine des marchandises](#)
 - [Memorandum D11-11-3: Advance Rulings for Tariff Classification](#) | [Mémorandum D11-11-3 : Décisions anticipées en matière de classement tarifaire](#)
- More information about importing goods into the United States can be found at the following links:
 - [Step-by-Step Guide to Exporting - Introduction](#) | [Guide pas-à-pas à l'exportation – Introduction](#)
 - [Advance Rulings | U.S. Customs and Border Protection](#) (English only)
 - [CBP's USMCA Centre](#) (English only)
 - [Basic Importing and Exporting | U.S. Customs and Border Protection](#) (English only)
- To get help navigating tariffs, [contact us](#).