

TARIFF ALERT

NEW 50% TARIFFS ON CERTAIN CANADIAN GOODS, EFFECTIVE AUG. 19

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On July 20, 2026, President Trump signed three separate proclamations under Section 338 of the Tariff Act of 1930, each imposing an additional 50% ad valorem duty on a different set of Canadian goods. The duties take effect at 12:01 a.m. ET on **August 19, 2026**.

THE THREE PROCLAMATIONS

Each targets a different area CBP describes as Canadian discrimination against U.S. commerce: motor vehicles not qualifying for USMCA preferential treatment, alcoholic beverages, and dairy tariff-rate quotas. Together they cover a wide range of goods, from wine and cheese to construction materials, clothing, and cars. Per the U.S. Trade Representative's office, the three annexes cover approximately US\$20 billion of annual U.S. imports from Canada, based on 2025 trade values — about 5.2% of total 2025 U.S. goods imports from Canada.

WHAT'S EXCLUDED

Per the White House fact sheet, these Section 338 duties do not apply to energy, potash, goods already subject to Section 232 tariffs, or certain other goods such as fish and critical minerals. The duties apply regardless of USMCA origin status for otherwise-covered goods.

CONTEXT WORTH KNOWING

This marks the first time Section 338 has been used to impose tariffs, and the statute contains no built-in time limit or expiration language, so these duties should not be assumed to be short-term. A senior administration official described the goal as leveling the playing field for U.S. auto, alcohol, and dairy exports. Because Section 338 is a rarely used authority, legal challenges to its use are considered likely.

CHECK THE AFFECTED HTS NUMBERS

Each proclamation includes an Annex I (exceptions) and Annex II (HTSUS modifications and affected HTS numbers):

Dairy	Annex II (HTS list) Annex I (exceptions)
Alcoholic Beverages	Annex II (HTS list) Annex I (exceptions)
Motor Vehicles	Annex II (HTS list) Annex I (exceptions)

Action step: If you import Canadian dairy, alcohol, motor vehicles, or other goods that may fall under these proclamations, review the relevant Annex II now to confirm whether your HTS numbers are affected before the August 19 effective date.

NOT SURE IF YOUR IMPORTS ARE AFFECTED?

Frontier's Canadian Customs Brokerage team can review your HTS numbers against the new Section 338 annexes before the August 19 effective date.

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