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Tax Alert – Canada

China's tariff countermeasures and Canada's consultation on foreign-produced steel trade diversion

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As a countermeasure to Canadian tariffs on Chinese-made electric vehicles (EVs), steel and aluminum products, China has imposed a 100% tariff on certain Canadian-origin canola products and peas and a 25% tariff on Canadian-origin pork, fish and seafood products.

In addition, the Department of Finance has announced a 30-day public consultation period for interested stakeholders to comment on potential measures to respond to steel diversions from foreign countries.

In this Tax Alert, we briefly review the latest developments with respect to the trade landscape between Canada and China and the details of the public consultation related to steel imports into Canada launched by the Department of Finance on 22 March 2025.

China's countermeasures to tariffs on Chinese EVs, steel and aluminum products

On 27 September 2024, the Government of Canada issued the *China Surtax Order (2024)* (the Order), which implemented a 100% surtax on all Chinese-made EVs, effective 1 October 2024. The Order also implemented a 25% surtax on imports of steel and aluminum products from China, effective 22 October 2024.¹

The tariffs on EVs, steel and aluminum of Chinese origin are subject to the ad valorem tariff regardless of whether the importation is commercial or personal in nature, even when the goods are shipped to Canada from a country other than China.

¹ For more information, see [EY Tax Alert 2024 Issue No. 47](#) and [EY Tax Alert 2024 Issue No. 51](#).



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China's retaliatory tariffs

On 26 September 2024, China announced that it was conducting an “anti-discrimination investigation” under the *Foreign Trade Law of the People's Republic of China* to examine Canada's tariffs on EVs, steel and aluminum.

On 8 March 2025, the Ministry of Commerce of China published its findings from the investigation and announced that China will adopt “anti-discriminatory measures” by imposing tariffs on certain Canadian-origin products.

As a result, effective 20 March 2025, China has imposed countermeasures in the form of 100% tariffs on Canadian origin rapeseed oil, peas and oil cakes for animal feed, as well as 25% tariffs on Canadian origin pork, fish and seafood.

The 100% tariff applies to:

- ▶ Crude rapeseed oil and its fractions;
- ▶ Canola oil;
- ▶ Other low-erucic acid rapeseed oil and its fractions;
- ▶ Low-erucic acid rapeseed oil cakes and solid residues;
- ▶ Other rapeseed oil cakes and other solid residues;
- ▶ Fresh and frozen peas;
- ▶ Pea seeds; and
- ▶ Dried peas.

The 25% tariff applies to seafood (including fish, shellfish and fish oil), pork and pork offal, regardless of whether they are fresh, frozen, dried, smoked or otherwise preserved and packaged.

Government of Canada's support for agriculture sector

The Government of Canada announced additional support for agriculture producers through the AgriStability program, which is a joint federal and provincial program designed to help producers manage large income losses.

Broadly speaking, the AgriStability program requires producers to enroll in the program each year and pay a fee. When a producer's production margin in the current year falls below their historical reference margin by more than 30%, the producer becomes eligible to receive a payment through the program.²

² [AgriStability: Step 1. What this program offers - agriculture.canada.ca.](#)

On 22 March 2025, in response to China's counter-tariffs, the Government of Canada proposed various changes to the AgriStability program, including doubling the current payment cap to \$6 million for the 2025 program year, as well as offering provincial and territorial governments the option to proactively enter into an agreement to issue compensation payments at a higher payment rate.³

World Trade Organization dispute consultations

On 24 March 2025, the Government of Canada requested World Trade Organization (WTO) dispute consultations with China regarding the tariffs imposed by China on certain agricultural and fishery products originating in Canada.

Canada has claimed that the measures are inconsistent with China's WTO obligations under provisions of the *Understanding on the Rules and Procedures Governing the Settlement of Disputes* and the *General Agreement on Tariffs and Trade 1994*.⁴

A request for consultations is a formal initiation of a request for dispute resolution with the WTO. Canada has requested that consultations be held within 10 days of the request, as the matter concerns perishable goods.

Consultation for steel trade diversion

On 22 March 2025, the Department of Finance announced a 30-day public consultation on possible measures to protect against the threat of diversions of steel products from foreign countries into Canada due to the recent trade measures imposed by the United States.⁵

The consultation invites the Canadian steel industry, consumers, and interested businesses and individuals to provide feedback in the following areas:

1. The scope of steel products that could be covered by a potential import measure, including recommended product groupings, product descriptions and the applicable tariff classifications;
2. Evidence that indicates increased imports (or the threat of increased imports) of the identified steel products;
3. Evidence to demonstrate that imports are harming or threatening to harm domestic producers (e.g., job losses, decreased profitability, lost market share);
4. Views with respect to imports from specific countries or regions;

³ [Government of Canada announces support for agricultural sector following the imposition of tariffs by China - Canada.ca.](#)

⁴ [World Trade Organization \(25-2116\), Request for Consultations by Canada.](#)

⁵ [Government launches consultations on trade measures to prevent diversion of steel products into Canada - Canada.ca.](#)

5. Commercial and economic impacts of any possible measures (e.g., sourcing considerations, regional availability);
6. Views with respect to the design, duration and administration of any potential measures (e.g., proposed tariff rates, tariff-rate quota volumes);
7. Views with respect to the use of specific trade policy tools; and
8. Additional information relevant to the consideration of potential measures.

Comments can be submitted to the Department of Finance until 21 April 2025.

Learn more

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