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**UNITED STATES – ADDITIONAL DUTIES ON IMPORTS OF
AUTOMOBILES AND AUTOMOBILE PARTS FROM CANADA**

REQUEST FOR CONSULTATIONS BY CANADA

The following communication, dated 3 April 2025, from the delegation of Canada to the delegation of the United States, is circulated to the Dispute Settlement Body in accordance with Article 4.4 of the DSU.

The Government of Canada hereby requests consultations with the Government of the United States pursuant to Articles 1 and 4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* (DSU), in conjunction with Article XXII:1 of the *General Agreement on Tariffs and Trade 1994* (GATT 1994), with respect to measures adopted by the United States that impose a 25 percent tariff on automobiles, effective April 3, 2025, and a 25 percent tariff on automobile parts, effective on a date to be specified in the *Federal Register* but not later than May 3, 2025. These tariffs are in addition to any other duties, fees, exactions, and charges imposed by the United States.

The legal instruments through which the United States imposes and administers the tariffs, operating separately or in combination, include the following measures:

- Section 232 of the Trade Expansion Act of 1962 (Section 232);¹
- Section 301 of title 3, United States Code;²
- Section 604 of the Trade Act of 1974;³
- U.S. Department of Commerce Report on the Effect of Imports of Automobiles and Automobile Parts on the National Security, dated February 17, 2019;⁴
- Presidential Proclamation No. 9888, dated May 17, 2019;⁵ and
- Presidential Proclamation No. 10908, dated March 26, 2025,⁶

as well as any amendments, replacements, renewals, extensions, implementing measures, exemptions, or other related measures or instruments thereto, including any subsequent measures that alter the rate or scope of the tariffs.

In particular:

- Section 1 of Presidential Proclamation No. 10908 provides in part that "all imports of articles specified in Annex I to this proclamation or in any subsequent annex to this proclamation, as set out in a subsequent notice in the *Federal Register*, shall be subject to a 25 percent

¹ 19 U.S.C. 1862.

² 3 U.S.C. 301.

³ 19 U.S.C. 2483.

⁴ 86 Fed. Reg. 62028, November 8, 2021 and full report available at <https://www.bis.doc.gov/index.php/other-areas/office-of-technology-evaluation-ote/section-232-investigations>.

⁵ 84 Fed. Reg. 23422, May 21, 2019.

⁶ Federal Register Document Number 2025-05930. Scheduled to be published in the Federal Register on April 3, 2025. Available online at <https://federalregister.gov/d/2025-05930>.

tariff [...] on April 3, 2025, for automobiles, and on the date specified in the *Federal Register* for automobile parts, but no later than May 3, 2025";

- Section 2 of Presidential Proclamation No. 10908 provides in part that "[f]or automobiles that qualify for preferential tariff treatment under the USMCA [...] the Secretary may approve imports of such automobiles to be eligible to apply the ad valorem tariff of 25 percent [...] exclusively to the value of the non-U.S. content of the automobile";
- Section 3 of Presidential Proclamation No. 10908 provides in part that "[i]f U.S. Customs and Border Protection (CBP) determines that the declared value of non-U.S. content of an automobile [...] is inaccurate due to an overstatement of U.S. content, the 25 percent tariff shall apply to the full value of the automobile, regardless of the actual U.S. content of the automobile. In addition, the 25 percent tariff shall be applied retroactively (from April 3, 2025, to the date of the inaccurate overstatement) and prospectively (from the date of the inaccurate overstatement to the date the importer corrects the overstatement, as verified by CBP) to the full value of all automobiles of the same model imported by the same importer";
- Section 4 of Presidential Proclamation No. 10908 provides in part that "[t]he ad valorem tariff of 25 percent [...] shall not apply to automobile parts that qualify for preferential treatment under the USMCA until such time as the Secretary, in consultation with CBP, establishes a process to apply the tariff exclusively to the value of the non-U.S. content of such automobile parts and publishes notice in the *Federal Register*."; and
- Section 7 of Presidential Proclamation No. 10908 provides in part that "[w]ithin 90 days of the date of this proclamation, the Secretary shall establish a process for including additional automobile parts articles within the scope of the tariffs [...]".

The Government of Canada considers that the above measures appear to be inconsistent with the United States' obligations under the following provisions:

1. Article II:1(a) of GATT 1994, as the measures at issue fail to accord to the commerce of Canada treatment no less favourable than that provided in the United States' Schedule of Concessions that is annexed to GATT 1994;
2. Article II:1(b) of GATT 1994, as the measures at issue impose duties in excess of the bound rates set forth and provided in the United States' Schedule of Concessions that is annexed to GATT 1994; and
3. Article VIII:3 of GATT 1994, as the measures impose substantial penalties for minor breaches of customs regulations or procedural requirements.

The United States' measures described above, whether or not they are inconsistent with the GATT 1994, nullify or impair benefits accruing to Canada directly or indirectly under the GATT 1994.

The Government of Canada reserves the right to address additional measures, as well as any additional factual and legal claims, in the course of consultations and in any future request for panel establishment.

The Government of Canada looks forward to receiving the Government of the United States' reply to this request and to determining a mutually convenient date and place for the consultations.
