



BRIEFING: **338 U.S. TARIFFS**

Important Notice: This guide is provided for informational purposes only. Exporters and Importers are solely responsible for the accuracy and completeness of all information submitted and for compliance with applicable U.S. laws and regulations. UPS customers should consult their customs broker or other qualified advisor with any questions regarding their compliance obligations.

Contents

Background – 338 Tariffs.....3

Q&A3

 Does USMCA qualification remove the additional duty?3

 Is the 50% duty the only charge that may apply?3

 Could customers be affected in both directions?.....3

 Are the Canadian product details final?3

 Will my shipment be delayed because of this announcement?3

 Can landed cost increase?4

 How to know if your product is included?4

 What if official guidance changes?.....4

 What steps can I take to understand the impact?4

 Should I review both U.S.-bound and Canada-bound shipments?.....4

 Where should I look for updates?4

Background – 338 Tariffs

The U.S. has implemented Section 338 tariffs on certain Canadian-origin products, resulting in an additional 50% ad valorem duty on covered goods effective August 22, 2026. **The tariffs apply to specified products associated with alcoholic beverages, dairy, and motor vehicle-related proclamations.** *More details are available [here](#).*

The tariffs stem from Presidential Proclamations addressing alleged discriminatory trade practices related to alcoholic beverages, dairy, and motor vehicles.

This marks the first significant modern use of Section 338 of the Tariff Act of 1930.

In response, Canada has announced dollar-for-dollar retaliatory tariffs on certain U.S.-origin goods, expected to take effect September 8, 2026, targeting sectors such as steel, dairy, electronics, appliances, agricultural equipment, pulp and paper, and other designated products.

Q&A

Does USMCA qualification remove the additional duty?

No. USMCA qualification does not automatically exempt a covered product from the Section 338 additional duty.

Is the 50% duty the only charge that may apply?

Not necessarily. Covered goods may also remain subject to other applicable duties, taxes, fees, and trade remedies.

Could customers be affected in both directions?

Yes. A customer importing Canadian-origin goods into the United States may be affected by the U.S. action. A customer importing U.S.-origin goods into Canada may be affected if the product is included in Canada's final published measures.

Are the Canadian product details final?

As of August 24th, 2026, there is no official ruling. Confirm this only through current Government of Canada or Canada Border Services Agency guidance. Do not rely on broad industry descriptions or assume the Canadian list mirrors the U.S. list.

Will my shipment be delayed because of this announcement?

The announcement changes duty treatment and filing requirements. UPS will continue to process shipments in accordance with applicable customs requirements. Complete

and accurate product, origin, value, and classification information helps support clearance.

Can landed cost increase?

It may if the product is covered under these changes. The impact depends on the exact HTS classification, origin, entered value, and any other applicable duties or charges.

How to know if your product is included?

Review the product's HTS classification against the official U.S. or Canadian tariff list, depending on the direction of trade. Customers should work with their customs or legal advisor for product-specific determinations.

What if official guidance changes?

UPS will continue to monitor official government guidance and share relevant updates when available.

What steps can I take to understand the impact?

Confirm the product description, HTS classification, country of origin, entered value, entry date, and applicable Chapter 98 or Chapter 99 provisions.

Should I review both U.S.-bound and Canada-bound shipments?

Yes, if you trade in both directions. Review Canadian-origin goods entering the United States and U.S.-origin goods entering Canada against the applicable official government lists.

Where should I look for updates?

Use official communications from U.S. Customs and Border Protection, the Government of Canada, and the Canada Border Services Agency.