

SURTAX ON IMPORTS OF STEEL AND ALUMINUM PRODUCTS FROM CHINA

Effective October 15, 2024 the federal government will be assessing a 25% surtax on steel and aluminum imported from China.

There has long been substantive concern over unfair competitive actions taken by China to supply the world with steel and aluminum products, including subsidizing the industry, and a profound lack of environmental and labor standards.

China, the world's largest steelmaker, produces more than half (54%) of the total global production. In spite of this, it has increased its capacity in excess of the total steel produced in Canada.

In a similar vein, China has increased their production of aluminum five-fold over the last twenty years from 11% to an immense 59%. The Organization for Economic Cooperation and Development (OECD) has determined that this is due to the use of massive subsidies to the industry and most often with technology detrimental to the planet.

Canada, much like the United States and Mexico, have deemed this overcapacity a major threat to the domestic industry and as such, Canada has determined the list (located in the link below) will be subject to the surtax.

<https://www.canada.ca/en/departement-finance/news/2024/08/surtax-on-imports-of-steel-and-aluminum-products-from-china.html>

Duty Recovery

It is important to note that products consumed in Canada, which remain in the Canadian economy, are subject to absorption of the surtax in the cost of goods sold.

Chinese steel and aluminum used in the production by the importer, or a customer of the importer, and subsequently exported from Canada, the surtax is recoverable through duty drawback.

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