

TARIFF DISCUSSION: SURTAX AND DUTIES

With the newly announced tariffs and surtaxes, cross-border shipping strategies may need to shift to ensure cost efficiency and compliance.

The initial surtax list remains unchanged from February 4, but there is a possibility that CBSA will expedite the second tranche of duties sooner than the expected 21-day period. CBSA has classified this tariff as a "surtax," which applies exclusively to goods originating in the U.S. – even if they enter Canada from another country. You can find more details in the customs notice linked below.

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn25-10-eng.html>

A key point to note is that Canada is allowing a duty drawback for the surtax, subject to USMCA provisions.

Additionally, U.S. Customs and Border Protection (CBP) has proposed a \$1.5M USD port fee for each port of call on Chinese-built and operated container ships. The USTR is seeking public comment on the proposed actions that would lead to the shipping fees. A public hearing will be held on March 24.

As a result, we anticipate that these vessels may begin diverting from U.S. ports to Vancouver & Prince Rupert, with goods then transported by rail to Chicago for further distribution. This shift could impact international container rates for goods coming into Canada, which may affect supply chain costs