Trump to Impose 50% Tariff on Many Canadian Goods

The administration will use an untested legal provision to put significant duties on Canadian exports, reigniting a clash with one of America's biggest trading partners.

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President Trump on Monday signed orders to impose a 50 percent tariff on a wide range of Canadian goods, claiming that Canada had discriminated against the United States in key industries.

The tariffs, which go into effect in 30 days, would be imposed on a range of Canadian exports, including wine, hockey sticks, cement, dairy products, plywood, paper and furniture. Administration officials said the taxes were punishment for Canadian discrimination against three U.S. industries: motor vehicles, dairy and alcohol.

The tariffs will undoubtedly reignite a trade clash with Canada, one of America's closest allies and its second-largest trading partner after Mexico. Canada has been in Mr. Trump's cross hairs since its government retaliated against tariffs that the president imposed on a wide range of products last year.

Trump officials have repeatedly complained that some Canadian provinces have halted purchases of U.S. alcohol and that Canada was one of only two nations, along with China, to hit back against Mr. Trump's tariffs with its own levies. U.S. officials also say that Canada imposes certain tariffs and quotas on U.S. cars and restrictions on American cheese.

The new tariffs will be imposed under an obscure legal provision, Section 338 of the Tariff Act of 1930, which Congress wrote as the Great Depression deepened. The law allows the president to put tariffs of up to 50 percent on imports from countries that discriminate against U.S. commerce uniquely, as compared to other countries.

If they go into effect, the tariffs could be highly disruptive for Canada's export-dependent economy.

In a statement, Prime Minister Mark Carney of Canada said the new tariffs were the latest in a series of U.S. actions that are in "in direct violation" of the trade agreement between the two countries and Mexico.

He said the Canadian tariffs that Mr. Trump cited in Monday's trade action were a response to the president's earlier tariffs. "Canada, as is its right, has merely matched those measures," Mr. Carney said.

"In response to these measures and threats to Canadian sovereignty," Mr. Carney said, Canadians "have stood together, taking the necessary actions to support our economy and defend our workers, farmers, businesses and families."

"This trade dispute has raised costs for families, particularly in the U.S.," Mr. Carney said. "Canada stands ready to engage intensively to address outstanding issues."

The tariffs will not apply to energy products, potash, certain fish and minerals, or products that are already subject to national security tariffs ranging up to 50 percent, like steel. Yet unlike previous rounds of U.S. tariffs, there would be no exemptions for Canadian goods covered by the United States-Mexico-Canada Agreement, the free-trade deal that Mr. Trump negotiated and signed into law during his first term, a senior administration official said.

The United States is currently pressing for changes to that agreement, called the U.S.M.C.A., which Mr. Trump signed in 2018. U.S. officials will travel to Mexico this week for a third round of talks on revising that pact. But as a result of trade tensions, the United States and Canada have not begun officially negotiating over the agreement.

The U.S. official said the Trump administration had spoken with Canadian officials about the measure and was briefing members of Congress on it. The United States remains open to discussions with Canadian counterparts, the official said.

Ryan Majerus, an international trade lawyer at King & Spalding, said the law being used, which was written in the Smoot-Hawley era, was “very broad in scope.”

“But it’s completely untested and will be challenged in court,” Mr. Majerus said. He said the Trump administration might have imposed the tariffs to give itself more leverage in U.S.M.C.A. negotiations.

The administration is preparing to issue more global tariffs, perhaps as soon as this week. After the Supreme Court struck down his tariffs in February, Mr. Trump used another legal measure to impose a 10 percent tariff globally. That duty is set to expire on Friday, but quickly be replaced by other tariffs.

Mr. Trump has angered Canadians by suggesting he will annex Canada as the 51st state. He recently threatened to impose tariffs on Canada after wildfire smoke engulfed parts of Northeastern and Midwestern United States, accusing Canada of mismanaging its forest sector. In October, Mr. Trump said he would cut off trade talks with the country, after a Canadian province ran an ad quoting former President Ronald Reagan criticizing tariffs.

Eswar Prasad, a professor of trade policy at Cornell University, said that Mr. Trump clearly had “not been deterred either by U.S. courts or retaliation by other countries in his determination to use tariffs to bludgeon U.S. trading partners.”

“These orders make clear that, despite a number of unfavorable court rulings, Trump is hardly done with using tariffs as a broad economic and geopolitical tool to bend other countries to his will,” he said.

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