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**CANADA – TARIFF RATE QUOTAS AND SURTAX ON IMPORTS OF CERTAIN STEEL GOODS
AND GLOBAL TARIFF ON CERTAIN STEEL DERIVATIVE GOODS**

**REQUEST FOR CONSULTATIONS BY THE SEPARATE CUSTOMS TERRITORY OF
TAIWAN, PENGHU, KINMEN AND MATSU**

The following communication, dated 15 December 2025, from the delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the delegation of Canada, is circulated to the Dispute Settlement Body in accordance with Article 4.4 of the DSU.

My authorities have instructed me to request consultations with the Government of Canada, pursuant to Articles 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Article XXIII of the General Agreement on Tariffs and Trade 1994 (GATT 1994), and Article 6 of the Agreement on Import Licensing Procedures (Import Licensing Agreement) regarding Canada's tariff rate quotas (TRQs) and surtax on the importation of certain steel goods and Canada's global tariff on imports of certain steel derivative goods.

Canada's measures, as applied to the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, appear to be inconsistent with Canada's obligations under several WTO provisions, in particular: Articles I:1, II:1(a), II:1(b), X:3(a), XI:1, XIII:1, and XIII:2 of the GATT 1994, as well as Articles 3.2 and 3.5 of the Import Licensing Agreement; and appear to nullify or impair the benefits accruing to the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, directly or indirectly, under the GATT 1994.

I. BACKGROUND TO THE DISPUTE

1. On June 19, 2025, Canada announced the *Order Imposing a Surtax on the Importation of Certain Steel Goods*, pursuant to which it imposed TRQs on imports of five categories of steel products under paragraphs 53(2)(d) and 79(a) of Canada's *Customs Tariff*. Effective June 27, 2025, a 50% surtax was applied on imports of covered products that exceeded a threshold of 100 percent of 2024 imports. No consultations were conducted with foreign trading partners before the measures entered into effect.
2. On July 30, 2025, Canada announced the *Order Amending the Order Imposing a Surtax on the Importation of Certain Steel Goods*, which amended the previous order and prescribed the annual quota amounts of the TRQs based on whether the imports came from an FTA partner or a non-FTA partner. For non-FTA partners, the in-quota threshold for the TRQ was reduced to 50 percent of 2024 imports, compared to 100 percent of 2024 imports for most FTA partners. The amended measures also expanded the scope of the product categories subject to the measures from five to 23 steel products. These amended measures entered into effect on August 1, 2025.
3. On November 26, 2025, the Prime Minister of Canada announced new measures that imposed further import limitations on foreign steel imports. Effective on December 26, 2025, the TRQs for FTA partners will be reduced from 100 percent to 75 percent of 2024 levels; the TRQs for non-FTA partners will decrease even more, from 50 percent to only 20 percent of 2024 levels.

4. The product-specific TRQs are administered every quarter on a first-come, first-served basis, while the TRQs for FTA partners and non-FTA partners are administered separately. Each product category has a maximum percentage share of that total quarterly quota that imports from a single country of origin may fill. A country's quota is considered to be filled if its import volume reaches the maximum percentage share. Imports exceeding the country's quota will be subject to the surtax for the remainder of that quarter.
5. Under these measures, Canada also requires import permits for the importation of the covered goods. Importers must obtain a shipment-specific import permit to benefit from the quotas. In the absence of a shipment-specific permit, an importer can apply for a General Import Permit subject to the 50% surtax. The Global Affairs Canada (GAC) must assess the amount of quota remaining before issuing an import permit.
6. In addition to the TRQs for the 23 steel products, on November 26, 2025, Canada also announced that it would apply a global 25% tariff on the full value of listed steel derivative products (such as wind towers, prefabricated buildings, fasteners, and wires) from all countries, which will go into effect on December 26, 2025. This measure will apply initially to imports of a list of steel derivative products that are also produced in Canada, and the list may be periodically updated to reflect changes in market conditions.

II. THE MEASURES AT ISSUE

7. The measures at issue are: (i) Canada's TRQs and 50% surtax on the importation of certain steel goods; and (ii) Canada's global 25% tariff on certain steel-derivative products.
8. Canada's TRQs and 50% surtax are imposed and implemented through the following legal instruments:
 - a. The *Customs Tariff* of 1997;
 - b. *Order Imposing a Surtax on the Importation of Certain Steel Goods* (June 26, 2025)¹;
 - c. Notice to importers: Item 82 – Steel goods– Serial No. 1139 (June 27, 2025)²;
 - d. Customs Notice 25-24: Order Imposing a Surtax on the Importation of Certain Steel Goods (June 27, 2025)³;
 - e. Tariff-rate quotas on imports of steel mill products (June 28, 2025)⁴;
 - f. Support for the Canadian Steel Sector (July 16, 2025)⁵;
 - g. Prime Minister Carney announces new measures to protect and strengthen Canada's steel industry (July 16, 2025)⁶;

¹ Order Imposing a Surtax on the Importation of Certain Steel Goods: <https://orders-in-council.canada.ca/attachment.php?attach=47397&lang=en> (June 26, 2025)

² Notice to importers: Item 82 – Steel goods– Serial No. 1139: <https://www.international.gc.ca/trade-commerce/controls-controles/notices-avis/1139.aspx?lang=eng> (June 27, 2025)

³ Customs Notice 25-24: Order Imposing a Surtax on the Importation of Certain Steel Goods: <https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn25-24-eng.html> (June 27, 2025)

⁴ Tariff-rate quotas on imports of steel mill products: <https://www.canada.ca/en/department-finance/news/2025/06/tariff-rate-quotas-on-imports-of-steel-mill-products.html> (June 28, 2025)

⁵ Support for the Canadian Steel Sector: <https://www.canada.ca/en/department-finance/news/2025/07/support-for-the-canadian-steel-sector.html> (July 16, 2025)

⁶ Prime Minister Carney announces new measures to protect and strengthen Canada's steel industry: <https://www.pm.gc.ca/en/news/news-releases/2025/07/16/prime-minister-carney-announces-new-measures-protect-and-strength> (July 16, 2025)

- h. *Order Amending Order Imposing a Surtax on the Importation of Certain Steel Goods* (July 30, 2025)⁷;
 - i. Notice to importers: Item 82 – Steel goods – Serial No. 1142 (August 1, 2025)⁸; and
 - j. Prime Minister Carney announces new measures to protect and transform Canada's steel and lumber industries (November 26, 2025)⁹.
9. The global 25% tariff on certain steel derivative products for all countries, as imposed and implemented through Prime Minister Carney's announcement of November 26, 2025¹⁰.
10. The measures at issue include any related measures adopted by Canada that guide, amend, supplement, replace, and/or implement the TRQs, the surtax and the global tariff described above, any amendments, modifications and replacements thereof, and any closely linked additional restrictions on the import of steel and steel-derivative products.

III. LEGAL BASIS FOR THE COMPLAINT

11. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu considers that Canada's TRQs and surtax on the importation of certain steel goods and its failure to provide an opportunity for consultations with the affected foreign partners are inconsistent with Canada's obligations under the following Articles of the GATT 1994 and the Import Licensing Agreement:
- Article I:1 of the GATT 1994, because, by imposing TRQs and a 50% surtax on imports of certain steel products originating in non-FTA partners, Canada provides an "advantage, favour, privilege or immunity" to imports of steel products from FTA partners that is not "accorded immediately and unconditionally to the like product[s] originating in [] the territories of" non-FTA partners.
 - Article II:1(a) of the GATT 1994, because, by imposing a 50% surtax on imports of certain steel goods, Canada fails to accord to the commerce of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu "treatment no less favourable" than that provided for in Canada's Schedule of Concessions annexed to the GATT 1994.
 - Article II:1(b) of the GATT 1994, first sentence, because, by applying a 50% surtax on imports of certain steel goods from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Canada imposes "ordinary customs duties in excess of those set forth and provided in" Canada's Schedule of Concessions.
 - Alternatively, the 50% surtax could also fall within the category of "other duties or charges of any kind imposed on or in connection with importation" and be inconsistent with Article II:1(b) of the GATT 1994, second sentence, because it is "in excess of" any other duty or charge imposed on the date of entry into force of the GATT 1994.
 - Article X:3(a) of the GATT 1994, because Canada has failed to administer the TRQs in a "uniform, impartial and reasonable manner," as it has not, *inter alia*, provided transparency regarding how the maximum percentage share for each product category

⁷ Order Amending the Order Imposing a Surtax on the Importation of Certain Steel Goods: <https://gazette.gc.ca/rp-pr/p2/2025/2025-08-13/html/sor-dors155-eng.html> (July 30, 2025).

⁸ Notice to importers: Item 82 – Steel goods – Serial No. 1142: <https://www.international.gc.ca/trade-commerce/controls-controles/notices-avis/1142.aspx?lang=eng> (August 1, 2025)

⁹ Prime Minister Carney announces new measures to protect and transform Canada's steel and lumber industries: <https://www.pm.gc.ca/en/news/news-releases/2025/11/26/prime-minister-carney-announces-new-measures-protect-and-transform> and <https://www.pm.gc.ca/en/news/backgrounders/2025/11/26/prime-minister-announces-new-measures-protect-and-transform-canadas> (November 26, 2025)

¹⁰ Prime Minister Carney announces new measures to protect and transform Canada's steel and lumber industries: <https://www.pm.gc.ca/en/news/news-releases/2025/11/26/prime-minister-carney-announces-new-measures-protect-and-transform> and <https://www.pm.gc.ca/en/news/backgrounders/2025/11/26/prime-minister-announces-new-measures-protect-and-transform-canadas> (November 26, 2025)

is filled and has not offered an opportunity for consultations prior to the implementation of the measures.

- Article XI:1 of the GATT 1994, because Canada's TRQs constitute an impermissible "restriction [] other than duties, taxes, or other charges [] on the importation" of certain steel products.
 - Article XIII:1 of the GATT 1994, because Canada's TRQs are applied on the importation of certain steel goods from FTA partners and non-FTA partners in a manner that these imports are not "similarly [] restricted".
 - Article XIII:2 of the GATT 1994, because, in applying its TRQs, Canada fails to "aim at distribution of trade in [steel products] approaching as closely as possible to the shares which the various [Members] might be expected to obtain in the absence of such restrictions".
 - Articles 3.2 and 3.5 of the Import Licensing Agreement, because Canada's surtax and TRQ measures require importers to obtain shipment-specific import licenses in order to benefit from in-quota tariff rates. As these licenses are non-automatic, the measures appear not to comply with the non-restrictive and reasonable-administration requirements.
12. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu considers that the global 25% tariff that Canada has announced, which will go into effect on December 26, 2025, on the full value of listed steel derivative products from all countries is inconsistent with Canada's obligations under the following provisions of the GATT 1994:
- Article II:1(a) of the GATT 1994, because, by imposing an additional 25% tariff on certain steel derivative products, Canada fails to accord "treatment no less favourable" than that provided for in its Schedule of Concessions annexed to the GATT 1994.
 - Article II:1(b) of the GATT 1994, first sentence, because Canada's additional 25% tariff on certain steel derivative products from all countries is "in excess of" Canada's Schedule of Concessions annexed to the GATT 1994.
 - Alternatively, the additional 25% tariff could fall within the category of "other duties or charges of any kind imposed on or in connection with importation" and be inconsistent with Article II:1(b) of the GATT 1994, second sentence, because it is "in excess of" any other duty or charge imposed on the date of entry into force of the GATT 1994.
 - Article X:3(a) of the GATT 1994, because Canada has failed to administer the global 25% tariff in a "uniform, impartial and reasonable manner," as it has not offered an opportunity for consultations prior to the implementation of the measures.
13. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu reserves the right to raise additional measures and factual or legal claims, including under other provisions of the covered agreements, regarding the above-referenced matters over the course of these consultations and in any future request for panel proceedings. This request for consultations also concerns any modification, replacement, or amendments to the measures identified above, and any closely connected, subsequent, or implementing measures.

IV. CONSULTATIONS

14. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu looks forward to receiving Canada's reply to this request and to agreeing to a mutually acceptable date and venue for consultations.