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Order Amending the Import Control List (2026-1): SOR/2026-32

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Registration

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EXPORT AND IMPORT PERMITS ACT

P.C. 2026-143 February 24, 2026

Whereas the Governor in Council deems it necessary to control the importation of the goods set out in the annexed *Order Amending the Import Control List (2026-1)* to implement the preliminary joint arrangement of January 16, 2026 to address economic and trade issues between Canada and the People's Republic of China;

Therefore, Her Excellency the Governor General in Council, on the recommendation of the Minister of Foreign Affairs, makes the annexed *Order Amending the Import Control List (2026-1)* under paragraph 5(1)(e) and section 6 ^a of the *Export and Import Permits Act* ^b.

Order Amending the Import Control List (2026-1)

Amendment

1 The *Import Control List* ¹ is amended by adding the following in numerical order:

195 (1) Vehicles that originate in the People's Republic of China and are classified under tariff item No. 8702.20.10, 8702.20.20, 8702.30.10, 8702.30.20, 8702.40.10, 8702.40.20, 8702.90.10, 8702.90.20, 8703.40.10, 8703.40.90, 8703.50.00, 8703.60.10, 8703.60.90, 8703.70.00, 8704.41.90, 8704.42.00, 8704.43.00, 8704.51.00, 8704.52.00 or 8704.60.00 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.

(2) Vehicles, other than electric tricycles and other non-passenger vehicles, that originate in the People's Republic of China and are classified under tariff item No. 8703.80.00, 8703.90.00 or 8704.90.00 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.

(3) Vehicles that originate in the People's Republic of China and are classified under a tariff item of Chapter 99 of the List of Tariff Provisions set out in the schedule to the *Customs Tariff* and that would otherwise be referred to in subsection (1) or (2).

(4) For the purposes of this section, the determination of whether vehicles originate in the People's Republic of China is to be made in accordance with section 3 of the *Determination of Country of Origin for the Purpose of Marking Goods (Non-CUSMA Countries) Regulations*.

Coming into Force

2 This Order comes into force on March 1, 2026, but if it is registered after that day, it comes into force on the day on which it is registered.

REGULATORY IMPACT ANALYSIS STATEMENT

(This statement is not part of the orders.)

Issues

Since October 2024, Canada has applied a surtax of 100% to imports of electric vehicles (EVs) from China. In response, China applied tariffs on imports of certain Canadian agricultural and seafood goods.

In the context of the Canada–China new strategic partnership announced on January 16, 2026, Canada committed to establishing a quota allowing for the importation of EVs from China, subject to defined annual volumes and conditions. With the application of the quota, the 100% surtax on EVs is repealed.

Background

EVs and their associated supply chains represent a strategic sector in support of Canada's clean future. Over the past few years, manufacturers of EVs and goods in the EV supply chain have announced significant investments to expand Canada's EV production capacity all along the supply chain. From critical mineral refinement to battery production to final vehicle assembly, these play an important role in building Canada's clean economy and securing long-term opportunities for workers in the sector.

On October 1, 2024, the Government of Canada applied a surtax of 100% to imports of EVs from China. The surtax became a source of concern for China and an important irritant in the bilateral trade relationship. In response to Canada's surtax on EVs, as well as the application of 25% surtaxes Canada placed on steel and aluminum imports from China, China applied tariffs on imports of certain Canadian agricultural and seafood goods. In addition, preliminary anti-dumping tariffs were applied on Canadian exports of canola seeds to China. These measures resulted in significant decreases in export volumes and values.

During Prime Minister Mark Carney's visit to Beijing in January 2026, the Prime Minister and President Xi released a Joint Statement outlining a new strategic partnership between China and Canada. The statement identifies seven priority areas for cooperation where Canada and China could strengthen exchanges and advance outcomes. In this context, Canada and China secured a preliminary joint arrangement. As part of the preliminary joint arrangement, Canada committed to establishing an annual import quota for EVs originating from China.

The initial quota volume of 49 000 units allows for imports from China at a level that is commensurate with that prior to the application of the surtax (i.e. in 2023 and during part of 2024). This volume will increase by 6.5% annually. The initial quota volume represents less than 3% of the market for new vehicles sold in Canada. The portion of the quota reserved for EVs with a free-on-board (FOB) price of \$35,000 or less will rise from 10% in year 2 to 50% in year 5. This will ensure the availability of more affordable EVs in Canada.

To facilitate implementing this import quota, the Governor in Council is authorized to add subject goods to the *Import Control List* (ICL), established under paragraph 5(1)(e) of the *Export and Import Permits Act* (EIPA). The

purpose of the ICL is to list the goods, which are subject to import controls in Canada for various trade-related and strategic reasons. Shipment-specific import permits and certificates are issued by Global Affairs Canada (GAC) on behalf of the Minister under the EIPA. Accordingly, the quota will be administered by GAC and enforced at the border by the Canada Border Services Agency (CBSA). Imports of EVs subject to the quota without a shipment-specific permit issued by GAC will be prohibited. Additionally, once the annual quota volume has been reached, no additional imports of EVs subject to the quota will be permitted. Detailed information regarding the administration of the quota is available on the GAC [website](#).

Pursuant to the commitment Canada made to China, the surtax of 100% is repealed to ensure that eligible imports under the quota are only subject to the Most-Favoured-Nation (MFN) tariff of 6.1%.

Objective

These amendments aim to implement the commitment made by Canada under the arrangement with China to establish a quota for imports of defined quantities of EVs, with applicable conditions, subject only to the MFN tariff of 6.1%.

Description

Order Amending the Import Control List (2026-1)

This is an amendment to the ICL to add a list of EVs originating in China (i.e. EVs previously subject to the 100% surtax, excluding electric tricycles and certain other non-passenger vehicles) under a new item 195. The addition of these goods on the ICL makes import permits a requirement for these goods to be lawfully imported into Canada. In other words, imports of subject goods without a permit will be prohibited.

Under the arrangement with China, importers can apply for shipment-specific import permits up until the annual quantity is reached under the quota. Once the full quota volume has been reached, no further imports of subject goods will be authorized for that year.

The annual quota volumes and portion of the quota reserved for affordable EVs were determined as part of the preliminary joint arrangement and will not be part of the amendment to the ICL itself. Annual quota volumes, including the reserve for affordable EVs, will be available on the [GAC website](#).

Order Amending the China Surtax Order (2024)

This amendment repeals the surtax of 100% applicable to imports of EVs that originate from China. Additionally, consistent with the intended scope of the surtax, this amendment also amends the *China Surtax Order (2024)* to clarify that the 25% surtax applies to certain steel or aluminum goods that can be classified under a tariff item in Chapter 99 of Canada's *Customs Tariff* (e.g. goods used for specifically listed manufacturing purposes) instead of a tariff item that is otherwise subject to the 25% surtax.

Regulatory development

Consultation

As part of the one-year review of surtaxes on imports from China, in fall 2025, the Government consulted Canadian stakeholders with interests in the sectors with goods subject to a surtax (i.e. EVs, steel and aluminum), including primary producers, downstream manufacturers and importers. The Government also consulted stakeholders affected by China's tariffs (e.g. producers and exporters of canola, peas, pork and seafood). The Government also consulted with provincial and territorial officials.

As part of the preliminary joint arrangement, there will be an opportunity to review its progress and implementation in three years to assess and confirm if all expected Canadian benefits have materialized as anticipated. The Government will continue to engage affected stakeholder groups as this measure is implemented, including in the context of the review of the arrangement.

Indigenous engagement, consultation and modern treaty obligations

Following an assessment of modern treaty implications, no adverse impacts on potential or established Indigenous or treaty rights, which are recognized and affirmed in section 35 of the *Constitution Act, 1982*, were identified in the *Order Amending the Import Control List (2026-1)* or the *Order Amending the China Surtax Order (2024)*.

Instrument choice

Implementing the preliminary joint arrangement between Canada and the People's Republic of China requires a regulatory amendment to remove the surtax, which is imposed through a regulation, and another amendment to add Chinese EVs as controlled items. Therefore, regulatory amendments were the only way to achieve the objective. No other instrument could be considered.

Regulatory analysis

Benefits and costs

Baseline scenario

In the baseline scenario, without the amendments, imports of EVs from China continue to face a 100% surtax. This level of surtax would effectively continue to greatly limit imports, and only insignificant levels of imports of Chinese EVs would occur. Canada would also fail to meet its commitments

under the preliminary joint arrangement between Canada and the People's Republic of China, and Canadian exports of goods to China covered under that arrangement would likely continue to face tariffs.

Regulatory scenario

With the amendments, the current surtaxes on imports of EVs from China would be replaced with an import quota. Vehicles imported under permit would only be subject to an MFN tariff of 6.1%. Available permits would cover 49 000 vehicles in year one and would increase at a rate of 6.5% per year. Starting in year two, 10% of the quota will be reserved for vehicles with a value of \$35,000 or less, with this reserve increasing to 50% over five years.

As a result, Canadian commitments in the preliminary joint arrangement would be fulfilled.

Benefits

It is expected that this measure will catalyze new Chinese joint-venture investment in Canada with trusted partners to protect and create new auto manufacturing jobs for Canadian workers and ensure a robust build-out of Canada's EV supply chain. The proportion of the country-specific quota reserved for affordable EVs with an import price of \$35,000 or less will reach 50% by 2030, kickstarting the availability of more affordable EVs in Canada.

As part of the arrangement, by March 1, 2026, Canada expects that China will lower tariffs on Canadian canola seed to a combined rate of approximately 15%. This change represents a significant drop from current combined tariff levels of approximately 85%. This will significantly improve market access for approximately \$4 billion of Canadian canola seed exports to China annually. Canada additionally expects that Canadian canola meal,

lobsters, peas and crabs will not be subjected to relevant anti-discrimination tariffs from March 1, 2026, to the end of this year. This will significantly improve market access for \$2.6 billion of Canadian agricultural goods, benefitting Canadian farmers across the country and seafood harvesters on both the Atlantic and Pacific coasts.

The tariff revenue generated from the application of the 6.1% tariff on the imports of EVs from China is expected to generate more than \$100 million annually. From its application in October 2024 to its repeal, approximately \$2 million of net revenues from the application of the 100% surtax have been assessed for imports of EVs from China.

The quota will provide certainty to Canada's domestic auto-manufacturing industry by establishing managed market entry of affordable Chinese EVs within a predictable import frame. The initial volume of the quota (i.e. 49 000 units) is commensurate with recent import volumes prior to the application of the 100% surtax. This volume represents less than 3% of the market for new vehicles sold in Canada.

This measure has the potential to expand consumer choice by increasing the number of lower-priced EV models available in the Canadian market. Although the impact of increased competition will be limited at first due to the relatively small size of the initial quota, its effect could grow over time as the quota expands.

Costs

For businesses wishing to import EVs from China, there will be incremental costs associated with permit fees of up to \$31 per permit. The cost of up to \$31 to apply for a permit is immaterial compared to the value of each unit of EV imported into Canada. In addition, multiple units can be imported under a given permit.

The impact on the domestic manufacturing industry of lower surtaxes on imports of Chinese EVs will be limited due to the relatively small portion of the Canadian market that the quota represents (i.e. 3%). In addition, initially a significant amount of the Chinese import quota allocation is likely to displace imports of cars from one location to another by companies that have factories in both China and other countries. In this case, imports from China will not have an impact relevant to Canadian manufacturing, as they will not represent an incremental increase in the number or types of cars imported, just the location from which they are imported.

Small business lens

No importers applying for such permits are expected to be small businesses. Therefore, analysis under the small business lens determined that the requirement for permits to import EVs from China under the quota will not impose administrative or compliance requirements on Canadian small businesses.

No additional flexibility is being provided to small businesses, as the permits are required to administer the quota.

One-for-one rule

The one-for-one rule applies to the *Order Amending the Import Control List (2026-1)*, since there is an incremental increase in administrative burden on businesses. This Order is considered a burden IN under the rule, and no regulatory titles are repealed or introduced. This Order would result in an annualized total administrative cost of \$8,700.

As per the *Red Tape Reduction Regulations*, the assessment of administrative impacts was conducted for a period of ten years commencing from registration. All values listed in this section are presented in 2012 dollars, discounted to 2012 at a rate of 7%.

The amendments related to the application for an importation permit represent an annualized total cost of \$8,700. Up to four businesses would spend 20 hours and 50 minutes to perform this task once per month. The average wage (including overhead) of the responsible individual is estimated to be \$32.26.

The *Order Amending the China Surtax Order (2024)* relates to tax administration and is exempt from the requirement to offset the administrative burden under the one-for-one rule.

Regulatory cooperation and alignment

These amendments aim to implement the EVs quota component of the preliminary joint arrangement, which is a bilateral arrangement between Canada and the People's Republic of China. The amendment is not related to a work plan or commitment under a formal regulatory cooperation forum.

Effects on the environment

Allowing access to certain quantities of Chinese EVs, including those with an import price of \$35,000 or less, while also strengthening domestic demand by investing in Canada's national charging network, could support greater adoption of EVs by Canadian consumers and the acceleration of Canada's progress toward a net zero emissions future. This could also support the Canadian automotive industry's transition to EVs in the long term.

Gender-based analysis plus

No impacts based on gender and other identity factors have been identified for this measure.

Implementation, compliance and enforcement, and service standards

These amendments will come into force on March 1, 2026, or its date of registration if later.

GAC is responsible for issuing allocations (as the case may be) and import permits for goods on the ICL, under the EIPA. The CBSA is responsible for border enforcement and administering certain *Customs Tariff* legislation and regulations. Imports of subject goods without a permit will be prohibited. In the course of the administration of Chinese EVs placed on the ICL, GAC and the CBSA will inform the importing community of the process related to the administration of the quota, including import permits and tariffs (see GAC's Notice to Importers and the CBSA's Customs Notice). Information pertaining to the annual quota volume increase and reserve for affordable EVs will be outlined in the Notice to Importers and Key dates and access quantities pages, which will be publicly available on GAC's [website](#).

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Footnotes

a S.C. 2018, c. 26, s. 6

b R.S., c. E-19

1 C.R.C., c. 604; SOR/89-251, s. 1
