CANADIAN GALVANIZING INSTITUTE (CGI-IGC) - POSITION BRIEF

August 28, 2026

Protecting Canada's Steel Value Chain in the 2026 Tariff War: Advocacy Priorities for Galvanizers and Fabricators

The situation

United States	50% Section 232 tariff on Canadian steel and aluminum (since June 2025), assessed on full customs value since April 2026; 25% on steel derivatives. New 50% Section 338 tariffs on ~$20B of Canadian goods, incl. building materials, effective Aug 22, 2026, no CUSMA exemption. Further doubling on steel, trucks and autos announced for Jan 1, 2027.
Canada	Counter-tariffs on U.S. steel and aluminum rise to 50% on Sept 8, 2026 (about 700 product lines, $27.6B). 50% surtax on over-quota steel imports; 25% global surtax on steel derivatives; Buy Canadian Policy (Dec 2025) requires Canadian steel in major federal procurement; 50% interprovincial freight discount; $7.5B business-support package.
Outlook	Talks collapsed Aug 21 after a tentative deal at 25% steel / 15% autos. CUSMA runs to 2036 but under annual renegotiation; Section 232 sits outside that process. Planning assumption: U.S. access stays impaired for years and the domestic market is where Canadian steel volume is defended.

What it means down the chain

- **Primary producers:** export tonnage has roughly halved; survival now depends on protected domestic offtake (TRQs, Buy Canadian).
- **Fabricators:** squeezed both way, U.S. duties of 25–50% on the full value of fabricated exports, and higher domestic input costs from counter-tariffs and quotas. Exposed to imports of finished structures that bypass raw-steel quotas.
- **Galvanizers:** a service industry tied to local fabrication volume, wins when fabrication stays onshore, loses when finished galvanized products are imported. Structural advantage: zinc is Canadian-produced and a designated critical mineral; volatile steel pricing is pushing owners toward durability and life-cycle value.

CGI-IGC advocacy priorities (benefiting producers, fabricators and galvanizers together)

1. Define "Canadian steel" as melted, fabricated AND coated in Canada. Melt-and-pour rules protect mills only; extending Buy Canadian and provincial procurement tests to fabrication and finishing keeps the full value chain onshore and stops leakage to imported finished structures.

2. Require life-cycle cost and durability criteria in public procurement. With input costs at historic highs, lowest-first-cost bidding is fiscally irresponsible. Maintenance-free service life and Canadian EPD/LCA data make galvanized steel the value and low-carbon choice.

3. Restore and modernize Canadian galvanizing standards (CSA G164 lineage). Specifications, inspection and procurement should reference Canadian practice rather than defaulting to U.S. ASTM standards.

4. Close the derivative-product gap. Ensure the 25% steel-derivative surtax and CBSA enforcement explicitly cover imported galvanized fabricated goods (poles, towers, guardrail, grating) so TRQs are not circumvented by importing finished rather than raw steel.

5. Secure the zinc supply chain. Obtain remission or exemption for zinc, alloys and galvanizing consumables caught in the Sept 8 counter-tariffs; position domestic zinc as a critical-mineral input to Canadian infrastructure.

6. Make support reach mid-sized fabricators and galvanizers. Ensure the $7.5B package, BDC/EDC tools and the interprovincial freight discount apply to fabricated and coated products, not just primary steel.

7. Tie galvanizing to national build priorities. Grid transmission, telecom, defence infrastructure, housing and ports all rely on galvanized steel; a domestic galvanizing capacity strategy belongs inside the nation-building agenda.

8. In any U.S. settlement, seek reduced rates for fabricated/galvanized goods with verified Canadian steel content, using the June 2026 machinery/HVAC relief as the template.

The Position

CGI-IGC engaging in sectoral CUSMA/tariff consultations; adopt priorities 1, 2 and 4 in the next Buy Canadian and surtax-order updates; and confirm zinc and galvanizing inputs are covered under the Sept 8 remission framework.

Sources: Finance Canada, Global Affairs Canada, Bank of Canada MPR (Apr 2026), PwC/McMillan/Norton Rose tariff bulletins, Bloomberg, CBC, Reuters (Aug 19–26, 2026). Figures current as of Aug 28, 2026, and subject to change.