STATESTRAT — TRADE & CORRIDOR MONITORING BRIEF (SAMPLE)

Coverage: Imported steel fasteners (screws, bolts, nuts, washers — HS 7318) for the Canadian distribution market; China & Chinese Taipei origin exposure; Canada–US cross-border lane **Brief date:** 4 November 2026 · **Status:** SAMPLE — illustrative, built on real open-source evidence accessed 30 Oct–4 Nov 2026 · **Cadence:** weekly standing brief **Prepared for:** [Illustrative buyer profile] — Canadian importer-distributor of industrial fasteners serving OEM and MRO customers, sourcing largely from China/Taiwan and offshore

---

1. Bottom line

#	Judgment	Label	Confidence	Basis
J1	Canada's 25% steel-derivative surtax, in force 26 Dec 2025, covers the **entire HS 7318 fastener heading from every origin** (not just China) and is charged on full value for duty, **in addition to** MFN duty, AD/CVD and GST. This is a structural ~25-point landed-cost adder on imported fasteners — the single biggest lane change of the year for a distributor.	[FACT]	HIGH	E1–E2
J2	Anti-dumping and countervailing duties on carbon-steel screws from China and Chinese Taipei were **continued for up to five more years** (CITT, 11 Mar 2026, expiry review RR-2025-001, with amendment). Per-exporter normal values are reviewed separately and have already moved (Katsuhana 5 Mar 2026; Pinghu Gete & Sheh Fung reviews opened 22 Jan 2026) — exporter choice and documentation are now cost-relevant, not compliance noise.	[FACT]	HIGH	E3–E5

#	Judgment	Label	Confidence	Basis
J3	The US has effectively closed its China-origin fastener lane (all-in duty ≈ 57.5–87.5%: Section 232 at 25–50% on full customs value + Section 301 25% + MFN), while China exported a record 131 Mt of steel in 2025 and faces 27 new AD/CVD cases. Expect diverted China volume and sharper price competition in the Canadian market — and watch for new Canadian trade actions in response.	[FACT/JUDGMENT]	HIGH/MEDIUM	E6–E9
J4	Canada–US trade policy is in an escalation/de-escalation cycle: US Section 338 (50%) tariffs hit ~C$27.6bn of Canadian goods from 22 Aug 2026; Canada matched (raising steel/aluminum counter-tariffs to 50% from 8 Sep 2026). Talks on easing Section 232 for Canadian steel re-engaged in late October (Lutnick), but the 3 Nov midterms — a Democratic sweep of Congress — produced no signed deal, and US steel tariffs on Canada are still set to rise to 50% on 1 Jan 2027; a repeal would face a presidential veto that lacks a two-thirds override. Either outcome re-prices dual-market business.	[FACT/JUDGMENT]	HIGH/MEDIUM	E10–E12
J5	Input costs are inflating: US HRC futures ~US$1,434–1,436/t (3 Nov — highest since May 2022, ~+69% y/y); Nucor spot $1,280/st (2 Nov); mill lead times stretching into Jan–Feb 2027. Asian and domestic content alike re-price upward into 2027 contracting.	[FACT]	HIGH	E13–E15

Status labels: GREEN / STABLE · AMBER / WATCH · ELEVATED · RED / CRITICAL — definitions in methodology.

---

2. Situation assessment

2.1 Canada's own tariff stack — the 25% surtax, all origins [ELEVATED — in force]

What is happening: The Steel Derivative Goods Surtax Order (SOR/2025-267) applies **25% of value for duty** to steel-derivative goods from **all countries**, effective 26 Dec 2025, and the schedule covers **every HS 7318 line** (7318.11–7318.29: coach screws, wood screws, self-tapping screws, bolts, nuts, washers, rivets, cotters) plus 7317 nails. It is charged **in addition to** customs duties, AD/CVD and taxes (CBSA Customs Notice 25-33). The surtax does **not** stack onto goods already under the China Surtax Order (2024), the US Steel & Aluminum Surtax Order, the TRQ steel-goods surtax order or the Steel/Aluminum Goods Surtax Order; motor-vehicle and aircraft-use imports were exempt until 1 Jul 2026 (with the vehicle exemption extended to 1 Jul 2027 per the amended notice). [FACT · E1–E2]

Why it matters for a distributor: this is origin-agnostic, so re-tagging a shipment from China to another Asian origin does not avoid it; only the product-scope exclusion categories do. It raises every unit cost by 25 points on customs value — the kind of structural adder that resets price lists and margin models, and it interacts with (does not replace) the China-specific AD/CVD regime. [JUDGMENT · HIGH]

Watch level: ELEVATED — amendments to the Order continue (July 2026 amendment SOR/2026-155; interactions with the 8 Sep counter-tariff round not yet fully confirmed for 7318 additions/removals).

2.2 SIMA — China & Chinese Taipei screws: orders continued [ELEVATED — in force]

What is happening: CITT concluded expiry review RR-2025-001 on **11 Mar 2026**, finding expiry of its 2020 order (RR-2019-002) would be likely to cause injury, and **continued the order with an amendment** — AD and CVD on carbon-steel screws from China and Chinese Taipei stay in force up to five more years. CBSA separately concluded (FAS 2025 ER) that expiry would likely continue/resume dumping and subsidizing. Per-exporter normal values have already been revised through administrative reviews (Katsuhana — Chinese Taipei — 5 Mar 2026; reviews opened 22 Jan 2026 for Pinghu Gete (China) and Sheh Fung (Chinese Taipei)). [FACT · E3–E5]

Why it matters: the duties are exporter-specific — AD applies only where the export price lands below that exporter's CBSA-set normal value — so which exporter you buy from, and the paperwork trail, determine real duty exposure. "It's from Taiwan" no longer means no duties, and product definitions track the CITT case scope, not merely the 7318 tariff number. [JUDGMENT · HIGH]

2.3 The US lane — closed to China, three ways [AMBER for Canada]

What is happening: US Section 232 on steel now applies to **full customs value** at 50% (steel articles) / 25% (derivatives) from 6 Apr 2026, and Section 301 China lists continue unchanged (+25% Lists 1–3, +7.5% List 4A) per the 7 Oct 2026 continuation — with remaining exclusions lapsing after 9 Nov 2026. Commercial tariff engines put all-in US duty on Chinese-origin 7318 at ~57.5–87.5%. Separately, US Section 338 50% tariffs hit ~C$27.6bn of Canadian goods from 22 Aug 2026. [FACT · E6–E8, E10]

Why it matters: the US lane is effectively sealed to Chinese fasteners, so Chinese exporters' next market is everyone else — Canada included. That means price pressure on Canadian distribution *and* rising odds of new Canadian trade remedies. It also means a Canadian distributor selling into the US faces a different, higher tariff reality for Chinese-origin goods re-exported south. [JUDGMENT · MEDIUM]

2.4 Cross-border regime — USMCA & the 2026 review [AMBER — live negotiation]

What is happening: At the 1 Jul 2026 mandatory joint review, the US declined to extend USMCA and said it will not renew the agreement in its current form; the agreement remains in force, with **annual** joint reviews now required and separate US–Mexico and US–Canada bilateral tracks (US–Canada text-based talks had not begun as of early Nov 2026). Negotiating instructions (5 Mar 2026) emphasize reducing extra-regional (China) dependency and tightening rules of origin — the direction of travel for fastener origin rules. [FACT · E16]

Why it matters: for a cross-border distributor, rules-of-origin tightening directly affects USMCA preference claims on fasteners and downstream products; annual review cadence means the 2027 calendar contains at least one further de-facto renegotiation milestone. [JUDGMENT · MEDIUM]

2.5 Corridor — Windsor–Detroit: capacity improving [GREEN/STABLE]

What is happening: The Gordie Howe International Bridge port of entry opened 27 Jul 2026 — a third Windsor–Detroit crossing (CBSA port 455) on the corridor carrying ~30% of Canada–US truck trade (~C$274M+/day). In its first full month it recorded ~74,000 truck crossings (about one-third of Detroit-bridge truck traffic, per the Bridge & Tunnel Operators Association and Statistics Canada);

Ambassador Bridge remains the volume leader. [FACT · E17–E18]

Why it matters: corridor resilience is the one bright spot — added lane capacity and dedicated FAST/NEXUS lanes reduce disruption risk for just-in-time fastener shipments. Still no 2026 wait-time data confirming unintended effects. [JUDGMENT · MEDIUM]

2.6 Input costs — HRC inflation [ELEVATED]

What is happening: Nucor raised spot HRC to **$1,280/st effective 2 Nov 2026** (California Steel $1,350/st), a streak of weekly hikes from $1,240 on 12 Oct; US Midwest HRC futures ~$1,434–1,436/t on 3 Nov, **the highest since May 2022**, ~+69% y/y; SMU reports mill lead times stretching into Jan–Feb 2027 with only 3% of surveyed buyers finding mills willing to negotiate. [FACT · E13–E15]

Why it matters: fastener input steel re-prices on a lag — expect distributor pass-through into 2027 quotes and margin pressure in the interim; contract indexation is the lever to negotiate now. [JUDGMENT · MEDIUM]

---

3. Risk matrix (likelihood × impact for a Canadian fastener importer-distributor)

	Low impact	Med impact	High impact
High likelihood	**J3 China diversion price competition** (in-market)	**J5 HRC pass-through into 2027**	**J1 25% surtax on full 7318 (all origins)**
Med likelihood	Documentation errors at exporter level (normal values)	**J4 Canada–US escalation without deal**	**J2 AD/CVD exposure on China/Taiwan screws**
Low likelihood	—	USMCA termination scenario (tracked)	New Canada AD case on diverted China volume

---

4. Triggers & indicators (weekly watch list)

Canada–US: Section 232 easing deal status; any 1 Jan 2027 tariff step-up confirmation; USMCA annual-review calendar ([E10–E12], [E16]).

CBSA/CITT: new expiry-review or administrative-review outcomes for fasteners; normal-value movements; any new case on diverted China volume ([E3–E5]).

Surtax order amendments: SOR/2026-155 effects on 7318 scope; 8 Sep counter-tariff list interactions ([E1–E2]).

US: Section 301 exclusion expiry after 9 Nov 2026 (does it change US re-export economics?); midterm-election trade-policy signals ([E6–E8]).

Steel input: HRC spot/futures; mill lead times; any Asian HRC catch-up ([E13–E15]).

Border: Gordie Howe ramp (truck counts), Ambassador Bridge processing; any 2026 wait-time data ([E17–E18]).

---

5. Confidence statement

High on event-level facts (Order SOR/2025-267 scope and CBSA Notice 25-33 mechanics; CITT continuation decision; US Federal Register proclamations; USD-denominated prices — all primary or multi-source official documents, accessed 30 Oct–4 Nov 2026). Medium on forward judgments (diversion effects, deal timing, pass-through), which rest on the trigger conditions above. Where evidence was thin it is tagged and the gap is named (see gaps below). No claim above is speculative or unsourced.

6. What would change our answer

Canada–US Section 232 easing deal signed → J4 downgraded (steel/auto package), but 7318 derivative scope may differ from steel-article scope — re-check before assuming.

New Canadian AD case on diverted China fastener volume → J3 upgraded to ELEVATED with importer-documentation guidance.

Surtax order amendment adding/removing 7318 lines (SOR/2026-155 confirmation) → J1 re-scoped.

HRC futures holding >$1,500/t with mill lead times past Q2-2027 → J5 upgraded to RED with contract-indexation guidance.

7. Sources (all open, all accessed 30 Oct–4 Nov 2026)

E-ID	Source	Type	Date	Reliability	Used for
E1	Canada Gazette Part II / Justice Laws — Steel Derivative Goods Surtax Order SOR/2025-267 (full 7318 schedule)	Official	11 Dec 25	A	J1
E2	CBSA Customs Notice 25-33 + CSCB update — 25% surtax, value-for-duty basis, additionality, vehicle/aircraft exemptions	Official	13 Jun 26	A	J1
E3	CITT — expiry review RR-2025-001 concluded; order continued with amendment (11 Mar 2026)	Official	11 Mar 26	A	J2
E4	CBSA — Notice of conclusion FAS 2025 ER (dumping/subsidizing likely to resume)	Official	2025–26	A	J2
E5	Livingston International / LZ Engineering trade-compliance bulletins — normal-value reviews (Katsuhana, Pinghu Gete, Sheh Fung), origin-agnostic surtax mechanics	Trade compliance	2026	B	J2, J1
E6	White & Case / CRS — Section 232 restructure: full customs value, 50%/25%/10% tiers (Proclamation 11021, 2 Apr 26)	Law firm analysis	Apr 26	B	J3
E7	Federal Register — June 2026 proclamation (Annex I-C 25% to 31 Dec 2027; USMCA non-US-content treatment)	Official	4 Jun 26	A	J3
E8	Tariff Sentinel / HTS API — Section 301 continuation (7 Oct 26); +25% List 3 on 7318; exclusion expiry 9 Nov 26	Compliance/API	Oct 26	B/C	J3
E9	OECD Steel Outlook 2026; GFSEC Q2-2026 bulletin — excess capacity 640→745 Mt; China 54–56.6% of gap; record 131 Mt exports 2025; 27 new AD/CVD cases	Intl organizations	Jun–Q2 26	A	J3

E-ID	Source	Type	Date	Reliability	Used for
E10	Global Affairs Canada / Finance Canada — US Section 338 50% on C$27.6bn; Canada's 8 Sep counter-tariffs incl. steel/aluminum 50%	Official	26 Aug 26	A	J4
E11	Reuters via Kansas City Star — Canada–US talks to ease Section 232; possible pre-Nov-3 deal; 50% step-up threat 1 Jan 27	Wire	26 Oct 26	B	J4
E12	USTR — Ambassador Greer statement, USMCA joint review (1 Jul 26): no extension, annual reviews, bilateral tracks	Official	1 Jul 26	A	J4
E13	Steel Market Update — Nucor spot $1,280/st eff. 2 Nov 26; lead times Jan–Feb 27; 3% negotiating	Trade press	2 Nov 26	B	J5
E14	Trading Economics — HRC futures $1,434–1,436/t (3 Nov), highest since May 2022, +69% y/y	Market data	3 Nov 26	B/C	J5
E15	California Steel Industries — $1,350/st (via SMU)	Trade press	Nov 26	B	J5
E16	CBSA — Gordie Howe port of entry backgrounder (30% of truck trade, C$274M/day, port 455, opening 27 Jul 26)	Official	27 Jul 26	A	Corridor
E17	CBC Windsor / Bridge & Tunnel Operators Assoc. + StatCan — Aug 2026 traffic: ~74k trucks, ~1/3 of Detroit-bridge traffic	News + official data	Sep 26	B	Corridor
E18	Wolters Kluwer / USTR 5 Mar 26 — review focus: reduce China dependency, tighten rules of origin	Legal/commentary	Sep 26	B	J4

Gaps (named honestly): no official post-Dec-2025 confirmation of whether the July-2026 amendment (SOR/2026-155) or the 8 Sep counter-tariff round added/removed any 7318 lines (scope assumed unchanged per current Canada.ca list); no authoritative per-HTS mapping of common fastener lines into Section 232 annexes (commercial tools disagree at the margins); USMCA product-specific rules of origin for 7318 and any proposed tightening not yet public; China→Canada fastener trade-flow figures for 2026 not located (StatCan-level data not yet published); no current Canadian domestic HRC assessment; no Oct–Nov 2026 border wait-time data; US midterm-election trade-policy effects not yet analyzable as of 4 Nov 2026.

Methodology: open-source intelligence, evidence-tagged (source reliability A–D, evidence strength, analytical confidence, information gap). This brief is an analytical assessment, not financial, customs or legal advice. SAMPLE — illustrative buyer profile; not prepared for or endorsed by any named company.