

**Canada-China Focus Statement
on
EV Tariffs Imposed by Canadian Government**

Late last month, the Canadian government [announced](#) that it would be imposing a 100 percent tariff on electric vehicles (EVs) imported from China beginning October 1st.

Given the potential ramifications of this decision, Canada-China Focus asks labour, environmental, peace and policy groups to work with us to appropriately address trade issues in Canada-China relations. Please consider the following:

Is there an economic justification for the 100% tariff?

EVs are hardly the solution to the environmental catastrophe affecting Canada and the world, but if handled wisely they could be part of the solution, along with expanded public transit.

Protecting and enhancing jobs will be an important part of the just transition to sustainability and at times tariffs may indeed be necessary in order to assure a just transition. But the decision to impose a 100 percent tariff on Chinese EVs has more to do with political posturing than economics or providing jobs for workers.

The tariff decision came during a cabinet meeting in Halifax where prime minister Justin Trudeau [said](#) “we actually spent some time discussing that [EV tariffs] and other geopolitical issues last night with Jake Sullivan, the US national security advisor”. In other words, the Liberal cabinet made its decision as part of a calculated geopolitical bid to support the US.

Though couched in the language of protecting industry and jobs, the decision was formally [announced](#) by Chrystia Freeland and the Department of Finance rather than by the trade ministry which points to minister Freeland’s aspirations and prominence in aligning Canada with the US.

Even the conservative Economic Intelligence Unit [reported](#) “Canada’s Tariff Moves Signal Tighter Alignment with US”. As one commentator [put it](#) in the *Globe and Mail*, “Ottawa’s use of unilateral tools to implement 100-per-cent tariffs on EVs is a hallmark of a trade war.”

Will the tariffs actually provide economic relief?

Joanna Kyriazis of Clean Energy Canada [underscores](#) that good jobs in the EV sector require “strong and growing EV demand.” Unfortunately, US and European auto producers have a proven track record of delaying the move to EVs. Tying Canada’s EV future to these producers will only worsen the problem.

The result of the tariffs will be to further restrict EV consumption because many working families cannot afford the initial \$40,000 or more purchase price for a new EV. This means they will have little choice but to buy a vehicle burning fossil fuels. This can only slow down building the infrastructure to support the EV ecosystem.

The Chinese government has now [announced](#) that it has begun investigation into Canadian canola exports to China, a prelude to the imposition of tariffs. Canola is Canada's top [export](#) to China, worth nearly \$4 billion in 2023 and tariffs could seriously impact prairie farmers. A trade war will only benefit those seeking to escalate tensions between our two countries.

What might have been the alternative?

Canada's decision to impose the tariffs was taken unilaterally, making a mockery of its adherence to a "rules-based trading system."

Instead of parroting the US, Ottawa could have entered into negotiations with China, or opted for a level of tariffs similar to Europe's that have been [set](#) provisionally at a maximum of 19 to 48 percent that may become permanent but only after trade talks with China.

The government could also have considered encouraging Chinese manufacturers to set up shop in Canada, just as Japanese auto manufacturers were encouraged to do in the 1980s and 1990s.

Are Canadian government accusations that China is engaging in "unfair, non-market policies" justified?

The government and some labour organizations are quick to accuse China of unfair competition and dumping cars. However, a closer look at China's EV industry suggests other factors need to be considered.

Twenty years ago, China made the decision to invest heavily in EV production and incentivized consumption with consumer subsidies. The result has been that EV sales now represent 44 percent of all cars sold in China. Given China's large population, this means domestic consumption of EVs has [skyrocketed](#), with over 8 million EVs newly registered in 2023 alone. China's EV industry has become spectacularly efficient because it has captured the economies of scale. China has also heavily invested in public transit with electric trains and EV buses now widespread.

From an environmental perspective this is good news for the world.

To be sure, China is aiming to export more cars but to suggest it is dumping them without even discussing the matter is highly irregular. Exports of EVs still represent a small fraction of China's production that remains oriented towards domestic consumption.

True, China has subsidized its EV industry but so does Canada. A recent Parliamentary Budget Office [report](#) reveals that Canadian government have provided over 52 billion dollars in subsidies for EV corporations whose investments total 46 billion.

Governments have a responsibility to deal with the environmental catastrophe at hand. Investing in our collective future through wise expenditures for public transit and EV production is essential.

What about the ethics involved in EV production?

As part of the Global North and a close ally of the US, the Canadian government likes to talk human rights. In practice, however, Canada, like China, has a long way to go.

Canadian mineral companies are [notorious](#) for their abuse of Indigenous communities while extracting critical minerals used in EV production. China, on the other hand, [remains](#) reluctant to recognize minority

communities in their own country as Indigenous even though it has adopted the UN Declaration on the Right of Indigenous Peoples.

In terms of China's EV factories, contract labour has recently undermined some of the gains of workers in that sector. However, the auto factories are very similar to factories here and to suggest that they employ slave labour is misleading.

Where is the trade dispute heading?

For the past five years, the US has been engaged in an anti-China campaign in response to China's rise as an economic power. In many ways this is similar to what happened when Japanese corporations gained momentum in the 1980s. Racism was involved [then](#), as it is today. Anti-Asian racism, often targeting China or Chinese Canadians, has become endemic. As we move forward to deal with economic questions, anti-racism must be integrated into all policy decisions, including trade issues.

Unlike the US campaign targeting Japan in the 1980s, however, the US today seems to be preparing to go to war with China and this is the context for the current trade disputes.

We hope all progressive groups, be they environmental, labour, peace or economic think-tanks, will take up the issues raised in this statement and engage with us in working towards fair and sustainable trade practices while working for peace and justice.

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and the
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Canada-China Focus is a non-partisan project dedicated to creating safe, anti-racist spaces for discussions about Canada-China relations.