

Trade and Welfare Impacts of Canada's 2024 Tariffs on Chinese Imports

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Abstract

In October 2024, Canada imposed a 100 percent tariff on electric vehicles (EV) and a 25 percent tariff on aluminum and steel (AS) products imported from China. We evaluate the short-run trade and welfare impacts of these tariffs on Canada–China trade. Using monthly HS-6 trade data, we employ four types of difference-in-differences (DiD) methods: two-way fixed effects (TWFE), counterfactual estimators, double robust DiD, and double machine learning DiD. We find that the 25 percent AS tariff reduced Canada's imports from China by approximately 28.0–32.8 percent relative to other exporters, while the 100 percent EV tariff effectively eliminated all imports of Chinese EV. We also estimate the total deadweight loss of USD 59.17 million in the AS sector over six post-treatment months, which is equivalent to 3 percent of its total imports. The trade and welfare impacts of the 2024 Canada-China tariffs are very similar to those of the 2018 US-China tariffs.