

U.S., as well as Canada, will be hurt by Trump's tariffs on steel and aluminum, C.D Howe study finds

 [theglobeandmail.com/business/economy/article-us-as-well-as-canada-will-be-hurt-by-trumps-tariffs-on-steel-and](https://www.theglobeandmail.com/business/economy/article-us-as-well-as-canada-will-be-hurt-by-trumps-tariffs-on-steel-and)

June 11, 2018

Greg Keenan Auto and Steel and Airline Industry Reporter

Published 7 hours ago Updated June 10, 2018

Canada will sustain the most damage from U.S. tariffs on steel and aluminum, but jobs will be eliminated in the United States and gross domestic product in that country will be reduced.

Those are among the conclusions of a study done by the C.D. Howe Institute on the 25-per-cent and 10-per-cent tariffs on steel and aluminum, respectively, that the United States has imposed on imports of the metals from Canada, Mexico, the European Union and other countries.

GLOBE PRIMER: 50 sec readEXPAND

What is a tariff?

About 6,000 jobs will be shed in the Canadian economy and GDP in this country will take a hit of 0.11 per cent. The tariffs will lead to approximately 22,700 job losses in the United States and reduce GDP by 0.06 per cent, says a forthcoming paper on the study written by economist Dan Ciuriak and Jingliang Xiao, a research associate.

But if the real aim of U.S. President Donald Trump's belligerent new trade policy is China, it will miss the target with the steel and aluminum tariffs.

"Other trading partners of the United States targeted by the tariffs are not negatively impacted overall: the resulting damage to U.S. trade competitiveness drives competitive gains for China, Japan, the European Union and South Korea in global trade, notwithstanding the reduction of some of their exports of the subject goods to the U.S. market," the study says.

"The U.S. tariffs undermine the competitiveness of the NAFTA region, which works paradoxically to the benefit of most other regions."

[Open this photo in gallery](#)

Steel coils lay in a yard at a steel plant in Hamilton, Ont., last week.

Cole Burston/Getty Images

The study was done before Canada announced retaliatory tariffs on U.S. steel and aluminum and a lengthy list of consumer products and other goods.

"For Canada, [retaliation] could double the pain," the study notes.



But it also points out that Canadian and international policy makers should not be surprised by the Trump government's actions.

"The Trump administration signalled from the very beginning that it intended to reshape America's trade and has consistently acted on this pledge, pulling out of the Trans-Pacific Partnership, launching the renegotiation of the North American free-trade agreement with an offer designed to be rejected and dusting off every U.S. protectionist measure available," it says.

Story continues below advertisement

Canada ships more than \$16-billion worth of the two metals to the United States annually and is the largest exporter of both steel and aluminum to U.S. industries.

Canada's retaliatory tariffs will be slapped on steel and aluminum effective July 1, as well as such other U.S. products as whisky, condiments, boats, jam, beef and lawn mowers.

The Americans are studying whether to impose tariffs on vehicles imported from Canada and elsewhere under the same 1960s-era national-security legislation that allows them to impose the steel and aluminum tariffs without having to gain prior approval of the World Trade Organization. Canada and other countries are appealing the tariffs to the WTO.

Businesses on both sides of the border are already feeling the impact of the tariffs or preparing for the levies to have an effect.

Montreal-based Dollarama Inc. said last week that it may have to raise prices for food and other items because of the pending Canadian tariffs on items imported from the United States.

Thor Industries Inc., a maker of recreational vehicles based in Elkhart, Ind., said the costs of raw material and commodity-based components are rising.

This is "due in large part to the headwinds created by the announcement and implementation of the steel and aluminum tariffs and other regulatory actions," chief executive Bob Martin said in a statement accompanying the company's fiscal third-quarter financial results last week.