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By: TA | AP Brief

# Canada could turn to Chinese automakers if Trump trade talks fail



Canadian Prime Minister Mark Carney said that Canada could turn to Chinese automakers if trade negotiations with U.S. President Donald Trump fail to preserve an integrated North American auto industry.

Carney's comments in Cambodia on Monday came ahead of a planned meeting with Chinese President Xi Jinping this week in Shenzhen, China, where Chinese auto manufacturing is expected to be discussed.

The two leaders reached an agreement in January allowing tens of thousands of Chinese electric vehicles into Canada at reduced tariffs.

"We have the best auto workers in the world, and we want them fully deployed, full opportunity, in an integrated North American market," Carney told reporters in Cambodia. "That market has become less integrated because of U.S. trade actions."

Carney said Saturday in Manila, Philippines, that any trade agreement with Washington must leave Canada with a viable auto industry.

He said Monday that negotiations with the United States remain his priority, but their outcome could determine whether Canada pursues alternatives involving European, Chinese or Japanese automakers.

Asked whether potential Chinese investment was leverage in the U.S. negotiations, Carney replied: "It's not leverage. But action, reaction."

"If they're not fully utilized in a North American context, that provides other opportunities," Carney said of Canada's auto workers and manufacturing assets. "Canada is going to move forward either way."

## Substantial manufacturing

The Detroit Three — Ford, General Motors and Stellantis — operate factories across Canada, the United States and Mexico, with parts sometimes crossing borders multiple times before a vehicle is completed.

Trump has repeatedly pushed automakers to move production to the United States from Canada.

Carney said any Chinese investment would have to involve substantial manufacturing in Canada rather than simply assembling imported parts.

He said it would require proper labor standards, manufacturing facilities and domestic supply chains that expand over time, including Canadian critical minerals used in electric vehicles.

"It's not just about kit cars," he said. "There has to be a manufacturing aspect involved."

> Canada reduced its 100% tariff on Chinese electric vehicles to 6.1%, initially allowing up to 49,000 vehicles annually

Under the January agreement, Canada reduced its 100% tariff on Chinese electric vehicles to 6.1%, initially allowing up to 49,000 vehicles annually, with the cap increasing over time.

In exchange, China agreed to lower tariffs on Canadian agricultural products, including canola.

Carney said at the time that he expected the agreement to attract Chinese investment in Canada's auto industry and create jobs.

The deal drew criticism from Ontario Premier Doug Ford, whose province is the center of Canada's auto industry.

Ford warned that allowing Chinese electric vehicles into Canada could threaten Canadian jobs and jeopardize access to the U.S. market.

Trump's tariffs have disrupted Canada's auto industry, which relies heavily on cross-border production.

Canada recently threatened to sue Stellantis after the automaker shifted planned Jeep

Compass production from Brampton, Ontario, to Illinois and agreed to sell its idled Canadian assembly plant.

Carney said Saturday that he had spoken at length with Trump and senior U.S. officials and that the two countries were making progress toward a possible trade agreement, although differences remained.