

Under threat from Trump, Ottawa unveils new trade deal with China

Our reporters
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Prime Minister Mark Carney unveiled a trade agreement with China last Friday, at the conclusion of a four-day visit to Beijing that included high-level meetings with Chinese President Xi Jinping and Premier Li Qiang.

The agreement will scale back a two-year bilateral trade war, with Canada slashing tariffs on Chinese EV imports and China reciprocating by reducing tariffs on billions of dollars' worth of Canadian canola exports.

Carney, the first Canadian prime minister to visit Beijing since 2017, described the trade deal and a series of mainly aspirational economic agreements aimed at promoting bilateral trade and investment as initiating a "new era" in Sino-Canadian relations. At the same time, he insisted that Canada will maintain "security guardrails" in its relations with Beijing, limiting or outright barring Chinese investments across large swaths of the Canadian economy, including AI and critical minerals.

The trade agreement will see Canada break from the US after both countries imposed a 100 percent tariff on Chinese EVs in 2024.

The Carney-led Liberal government's attempt to expand economic ties with China is a "high risk" maneuver—and acknowledged as such by Ottawa and its proponents within the Canadian ruling class. It is aimed at diversifying Canada's economic ties under conditions of the ongoing crisis in US-Canada relations.

However, the attempt to expand economic relations with Beijing is likely to further inflame Canada-US tensions. No sooner was the China trade deal announced, than US trade representative Jamieson Greer termed it "problematic," adding, "in the long run, they're not gonna like having made that deal."

Since becoming prime minister last March, Carney has turned to the European Union, Britain, Japan, South Korea, India, and now China in an effort to gain leverage against Washington, which is ruthlessly exploiting Ottawa's heavy dependence on the US market. Some 75 percent of Canadian exports go to the US.

None of these tactical shifts, however, offer a basis for Canadian imperialism to offset the damage done to its position by the breakdown in the military-strategic and economic partnership with its southern neighbour that for the past eight decades has served as the basis of Ottawa's global strategy.

These shifts will not just exacerbate tensions with the US. They are intensifying the cleavages within the Canadian ruling class, as competing factions rooted in different industries and regions wrangle over who is to bear the cost of reorganizing Canadian imperialism to prevail in the repartition of the world economically and territorially between the imperialist powers.

Trump has hit Canada with a barrage of tariffs over the past year and threatened to scrap the US-Canada-Mexico (USMCA) trade agreement. These actions are part of his administration's plan to use "economic force" to make Canada America's 51st state, as Washington seeks to establish unbridled domination of the Western Hemisphere in preparation for world war with its principal rivals, China, Russia, and the European Union. This strategy, referred to as the "Donroe Doctrine," was laid out

explicitly last November in the US National Security Strategy. Trump has begun its implementation with the abduction of Venezuelan President Nicolas Maduro, assertion of US control over its oil reserves, and threats to seize Greenland from NATO member Denmark by military force.

Trump's actions have so upset Canada-US and global relations that Carney told reporters in Beijing that China has become a "more predictable" partner than the US.

Ottawa will allow up to 49,000 Chinese-made electric vehicles into Canada annually at the most-favoured-nation tariff rate of 6.1 percent, with the possibility of the quota rising to 70,000 by the end of the decade. The prime minister claimed the deal would "protect and create" auto manufacturing jobs in Canada, by gaining access to Chinese-EV technology (now considered the most advanced in the world) through anticipated joint-venture Chinese investment in Canada, while expanding consumers' access to "affordable" Chinese-made EVs priced under \$35,000.

China, meanwhile, will ease crippling tariffs on Canadian agricultural exports, most importantly canola seed, which Ottawa says will see combined tariff rates reduced to around 15 percent by March 1, down from roughly 85 percent. There is additional tariff relief for other Canadian foodstuff exports, including canola meal, lobster, crab and peas, although Beijing has to this point only guaranteed that the lower rates will apply through the end of this year.

Chinese tariffs on Canadian pork exports and canola oil remain, as does the 25 percent surtax that Canada imposed in the fall of 2024 on Chinese-origin steel and aluminum products.

Carney's rhetoric cannot conceal the fact that his trade deal is extremely modest. The number of Chinese vehicles to be allowed into Canada accounts for about 3 percent of total annual Canadian vehicle sales, and none of the proposed investments are guaranteed.

Nonetheless, the agreement is explosive because it will exacerbate tensions between the US and Canada, and deepen the regional cleavages within the Canadian ruling class. In the US, where China is viewed by Republicans and Democrats alike as an "existential threat" to Washington's weakening global hegemony, the agreement could serve to justify further economic measures against Canada, including abrogation of the USMCA during renewal talks scheduled for this year.

It remains far from certain that the agreement will hold, not least due to the conflicting responses it has produced within Canada's ruling class. While Carney was backed up in Beijing by Saskatchewan Premier Scott Moe, whose province relies heavily on canola exports, the agreement has been denounced by far-right Conservative opposition leader Pierre Poilievre, Ontario Premier Doug Ford, and significant sections of the military-intelligence establishment. Their main line of argument was the national-security implications of the agreement, which they claim put Canada at risk.

"Prime Minister Carney must explain how he has gone from saying China was Canada's 'biggest security threat' before the election to

announcing a ‘strategic partnership’ with Beijing after the election,” Poilievre wrote on X. He claimed the agreement would allow “50,000 EVs onto our streets jeopardizing our security and auto jobs,” and attacked Carney for failing to deliver on his pledge to secure a rapid economic agreement with Washington.

Even before Carney left for China, the Parti Québécois, which polls indicate will come to power in Quebec later this year, denounced the federal government with Trump-style “anti-communist” rhetoric for seeking to improve relations with Beijing. Like the Alberta separatists, the Quebec sovereignists believe that their reactionary project of carving out a new imperialist state in North America can best be achieved by winning Trump’s ear.

In an angry tirade, Ontario Premier Ford condemned the slashing of the EV tariffs, warning that Chinese manufacturers would gain a foothold in Canada “at the expense of workers in this country.” He accused the federal government of abandoning support for the Detroit Three automakers, the historic backbone of Canada’s Ontario-based auto industry, without any real guarantee of equal or immediate investments in Canada’s auto sector or supply chain. To cap it off, Ford claimed that Chinese EVs would serve as “spy vehicles,” putting all Canadians at risk.

Ford and Poilievre’s attempt to portray themselves as defending workers and “Canadian jobs” is a reactionary fraud aimed at camouflaging a pro-imperialist, pro-big-business agenda. Poilievre is a far-right demagogue who wants to go even further than Carney in smashing up what remains of public services and deregulating business activities to facilitate the unrestrained accumulation of corporate profits by the financial oligarchy. Ford speaks for sections of Bay Street and the auto executives who have spent decades using threats of plant closures, outsourcing, and job cuts to extract wage cuts and other concessions from workers.

These political figures represent the faction of the Canadian bourgeoisie that opposes any accommodation with Beijing, however modest and temporary, for fear that it will jeopardize Ottawa’s relationship with Washington. The Tories and right-wing media outlets have repeatedly spearheaded hysterical anti-Chinese campaigns over the past decade, including lurid, unsubstantiated allegations—promoted by the anti-China hawks in the national-security apparatus—that Beijing interfered in the 2019 and 2021 Canadian elections.

The new trade agreement comes after nearly a decade of strained relations between Ottawa and Beijing. Since 2017, ties have been destabilized by conflicts rooted in Canada’s alignment with US imperialism, including the arrest of Huawei executive Meng Wanzhou at Washington’s behest and the retaliatory detention of two Canadians in China. Ottawa has deepened its participation in Washington’s strategic encirclement of China through military provocations, including “freedom of navigation” operations in the Taiwan Strait.

In its 2022 Indo-Pacific strategy, the Trudeau Liberal government designated China a “disruptive global power,” placing Beijing just below Russia in Ottawa’s sunsights. This was part of Ottawa’s ever-deeper integration into Washington’s economic and military-strategic preparations for war with China. This integration has continued under Carney, with Ottawa strengthening military-security ties with Washington’s principal Asia-Pacific allies, Japan, South Korea and Australia; massively increasing military spending; and signaling its willingness to join Trump’s “Golden Missile Dome” initiative.

Friday’s agreement has not overcome any of these conflicts rooted in the deepening world capitalist crisis. On the contrary, Carney’s high-risk maneuver could well serve as a basis for efforts by hostile factions of the ruling class around Poilievre and Ford, or the Alberta or Quebec separatists to destabilize and topple his government in the event that USMCA talks fail and Trump’s drive to economically ruin Canada intensifies.

Unifor, which claims some 40,000 members across the Canadian auto industry, moved quickly to back Ford’s protectionist denunciation of the deal. Unifor President Lana Payne blasted it as a “self-inflicted wound to an already injured Canadian auto industry.” Allowing Chinese EV imports, she exclaimed, risks turning Canada into a “dumping ground” and endangering auto jobs ahead of the USMCA review negotiations. Dressing corporate and state trade-war policy up as a defense of workers, the union apparatus is again promoting “Team Canada” nationalism that divides autoworkers internationally and subordinates Canadian workers to the interests of the country’s financial oligarchy.

The fundamental issue posed by the trade deal is not whether Ottawa should align more tightly with Washington or seek limited accommodation with Beijing. It is that the working class is being dragged into a struggle between rival capitalist powers and rival factions within the Canadian ruling class, each determined to defend their profits at workers’ expense amid the breakdown of the old global economic order.

The working class must adopt an independent socialist response. It must reject “Team Canada” nationalism, the program of class collaboration used to bind workers to the state and big business. It must reject anti-Chinese xenophobia and protectionist poison, which serve to divide workers and legitimize militarism. Canadian workers have no interest in a trade war, let alone a shooting war, with China and no interest in being coerced into subordination to Washington.

The fight must be for international unity of workers across borders, including Canada, China, the United States, and Mexico, against the corporations and the governments that serve them. The defense of jobs, wages and living standards requires breaking from the union apparatuses that police corporate demands and promote national competitiveness schemes. Workers must organize independently, build rank-and-file committees, and link their struggles with those of workers globally facing the same corporate offensive through the International Workers Alliance of Rank-and-File Committees (IWA-RFC).

Above all, the struggle against trade war and the assault on workers demands a political break with the capitalist system that produces these crises. The EV transition, agricultural trade and the future of industrial production cannot be left in the hands of big business and their political representatives. They must be reorganized on the basis of social need through public ownership and democratic control as part of a socialist program that unites workers internationally against imperialist rivalry and capitalist exploitation.



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