

Trade conflict between canada and the united states

[Business](#), [Industries](#)



There is no room for doubt that the relationship between Canada and the United States is the most unique one among the world. These two countries, one is more powerful than the other, represent for the world which is interdependent and co-operate with each other. However, in recent years, this relationship has been broken since the governments of the United States start increasing tariff tax on Canada exports products. Trade conflict between these two countries becomes a controversial, and this problems have significant impact on lumber and moto industries of Canada. This report will analyse how high tariff effect the product in Canada in general and lumber, moto industries in particular.

For imported product as a whole, according to Coyne (2018), instead of using tit-for-tat method to fight back the American, the government of Canada plan to decrease tax of the same products from other nations so that they could sell inside Canada and exports their products to others except the United States. The method would have positive influence on the Canada's economic since there will be a wide range of product with variety of price for customer to choose. Therefore, they could purchase items that suite with their income and interests. According to the Daily (2018), products from other nations import and export to Canada rose with \$18. 5 Million and \$12. 5 Million in May.

On the other hand, if Canada just keep the tax the same, resulting in an increasing in the price of ingredients, raw materials and facilities suppliers is an unavoudable. As a result, the price of product would be rose and if the salary of citizens does not increase, this could lead to inflation. According to

the Daily (2018), when comparing the average exchange rate just in a month from April to May “ the Canada dollar lost 0. 8 cent relative to the American dollar. When inflation is high, the negative impact is that it causes the superiority of the wealthy between people who already rich and the poor. Those wealthy people would use their money to collect goods, property and this situation would seriously disrupted the supply and demand relationship. Besides, it is obvious that as inflaion occur, price of product in the market is also higher. Therefore, it is easy for poverty become more miserable since they are not able to afford essential consumer goods while speculators sweep off products and become richer. And large gap between them would be wider if such inflation keeps going on. In addition, even though the authorities could get benefits in the country through the income tax of people, it will be hit by foreign debt will become more significant. This is because inflation affects the exchange rate among several nations. However, there is also positive side that inflation could bring for country. It will stimulate consumption and invest in reducing unemployment in society. Government also has more choice to invest in less-favored area in order to redistribution the income and resources in society.