



# Did the US-China trade war put Canadian lobster trade in a pinch?

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in collaboration with the Department  
of Fisheries and Oceans

# CONTEXT

- US-China trade war began in 2018 due to “unfair trade practices of China over the years”
- China retaliated with tariffs on \$120 billion of US products
  - 25% tariff on many products, including specifically lobster
- Trade war concluded in early 2020

# QUESTIONS

- How did the US-China trade war impact seafood trade, particularly lobster products?
- Where was demand supplied from?
- Is Canadian trade sensitive to trade disputes between two unrelated trading partners?

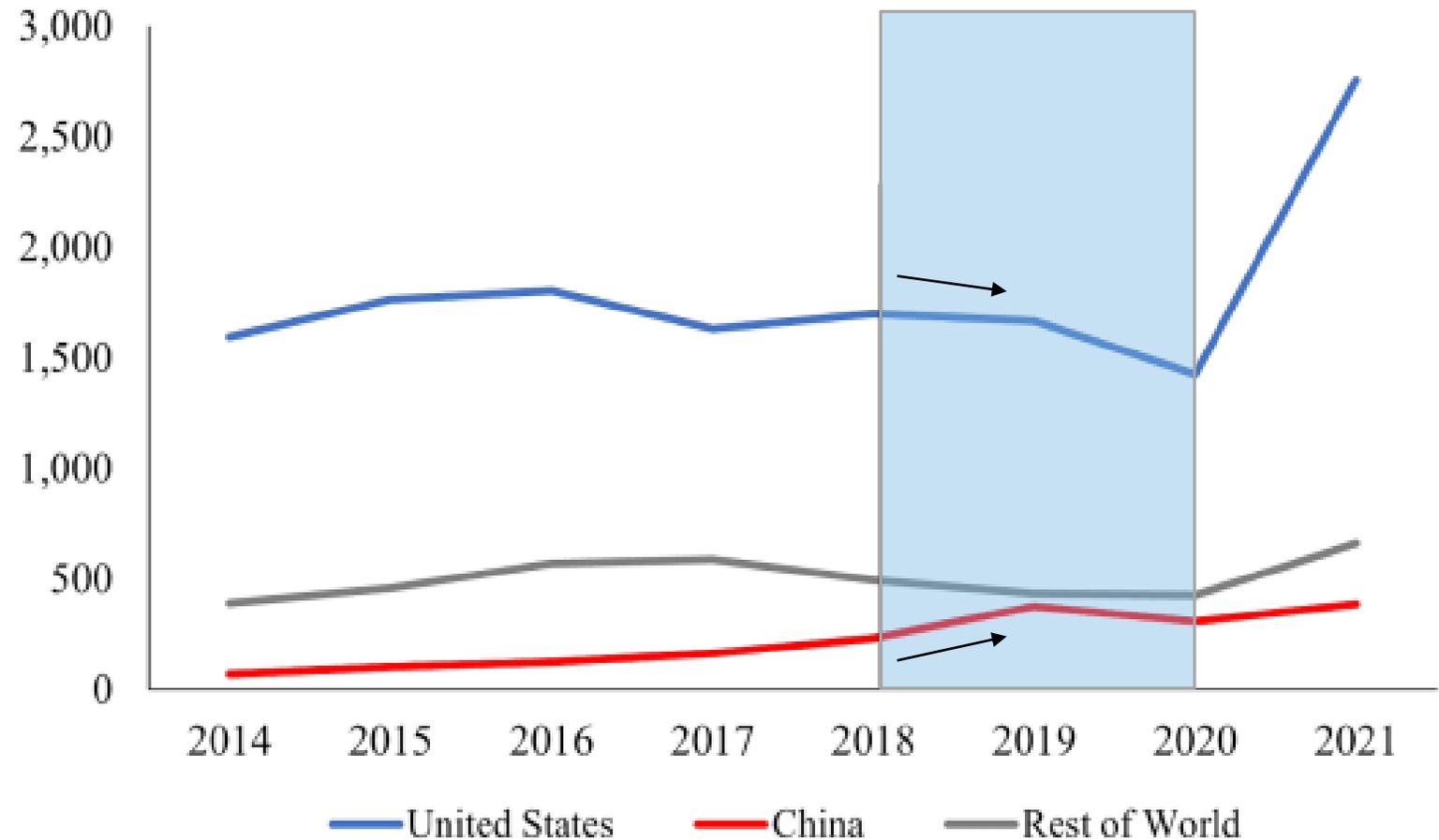
# MOTIVATION

Lobster was 8% of all Atlantic trade in 2021

- NS – 21%
- PEI – 23%

Canadian lobster trade is almost entirely exported

Total Bilateral Canadian Lobster Trade 2014-2021, millions of USD



# MODEL

OLS Model

$$\ln\_Trade_{iet} = \beta_0 + \beta_1 \ln\_GDP_{it} + \beta_2 \ln\_GDPPC_{it} + \beta_3 \ln\_Distance + \beta_4 Colony + \beta_5 TradeWar$$

Poisson Pseudo-Maximum Likelihood

$$Trade_{iet} = \beta_0 + \beta_1 GDP_{it} + \beta_2 GDPPC_{it} + \beta_3 Distance + \beta_4 Colony + \beta_5 TradeWar$$

# RESULTS

Variables	(1) PPML Year, Country FE	(2) PPML Country FE
<b>GDP</b>	0*** (0)	0*** (0)
<b>GDPPC</b>	-9.33e-05*** (2.96e-05)	-8.22e-05*** (2.78e-05)
<b>TradeWar</b>	-0.132** (0.0621)	
<b>US*TradeWar</b>		-0.176** (0.0721)
<b>China*TradeWar</b>		0.130 (0.117)
<b>Constant</b>	18.08*** (1.051)	17.70*** (0.977)
<b>Observations</b>	14,785	14,785

Standard errors in parentheses

\*\*\*p<0.01, \*\*p<0.05, \*p<0.1

# CONCLUSION

US-China trade war did have a small negative impact on Canadian lobster in the US market.

- The United States demand for Canadian products changed during the trade war