

WEBVTT

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<v SPEAKER\_1>Hello again, and welcome to Global Exchange, part of the Canadian Global Affairs Institute's Podcast Network.

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<v SPEAKER\_1>I'm your host Colin Robertson.

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<v SPEAKER\_1>On this episode that we are recording on May 7th, we talk with Jonathan Fried and Kevin Nealer about the Canadian-US-Mexico Agreement, which we in Canada call CUSMA, and in the United States is known as USMCA.

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<v SPEAKER\_1>CGAI fellow Jonathan Fried was a career foreign service officer serving as our ambassador to Japan and to the World Trade Organization and a senior foreign policy advisor to the Prime Minister.

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<v SPEAKER\_1>A former US foreign service officer, Kevin Nealer is a principal at the Scowcroft Group.

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<v SPEAKER\_1>Early assignments included service on the President's Intelligence Advisory Board.

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<v SPEAKER\_1>Kevin, Jonathan, welcome.

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<v SPEAKER\_2>Great to be here, Colin.

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<v SPEAKER\_1>For listeners, CUSMA Review talks start in earnest this month ahead of the July 1st deadline to decide on the deals extension to potentially 2042.

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<v SPEAKER\_1>The purpose of the Joint Review is to, quote, evaluate the operation of the agreement, consider recommendations for action and decide on any appropriate action, unquote.

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<v SPEAKER\_1>While most of the Canadian and Mexican trade has been shielded from last year's Liberation State tariffs from the CUSMA, this may be in jeopardy, especially as the Trump administration addresses the Supreme Court ruling against the authority that

President Trump used to apply those tariffs.

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<v SPEAKER\_1>Canada has not been idle, especially in seeking redress from existing tariffs on autos, steel and aluminum, and forest products.

00:01:44.280 --> 00:01:51.580

<v SPEAKER\_1>Canada US Trade Minister Dominic LeBlanc shuttles almost weekly to Washington to meet with the administration team.

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<v SPEAKER\_1>Our new ambassador, Mark Wiseman, and our new chief negotiator, Janice Chourette, are also deeply involved.

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<v SPEAKER\_1>If I were to characterize opinion on the outlook for the negotiations, I would probably have to say frustration and skepticism.

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<v SPEAKER\_1>But as Steve Ferhoul, our chief negotiator for the original CUSMA, has observed, the original negotiations were also characterized by a lot of noise.

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<v SPEAKER\_1>Part of the problem is bandwidth given President Trump's preoccupation with the war in Iran and growing unhappiness with the direction of the country as we approach the midterm elections in November.

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<v SPEAKER\_1>Meanwhile, at home, Prime Minister Carney and the premiers meet regularly to discuss Canada-U.S.

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<v SPEAKER\_1>relations and preserve the Team Canada approach and the implications for trade diversification and addressing internal trade barriers as well as the effort to quote, build Canada strong.

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<v SPEAKER\_1>So let's get started and Jonathan, I'd like you to lead on this one.

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<v SPEAKER\_1>How do you see the current situation in terms of this negotiations, non-negotiations, the preliminary stages and what are you hearing when you're talking to people both in Ottawa, particularly in Ottawa, but also elsewhere?

00:03:03.360 --> 00:03:06.340

<v SPEAKER\_3>Well, Colin, first of all, thank you for bringing us together.

00:03:06.340 --> 00:03:09.220

<v SPEAKER\_3>Kevin is a dear friend, colleague and mentor.

00:03:10.520 --> 00:03:12.900

<v SPEAKER\_3>And you and I, of course, go back a long way.

00:03:12.900 --> 00:03:15.820

<v SPEAKER\_3>So it's an honor to be in this town.

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<v SPEAKER\_1>Almost half a century, my friend, almost half a century.

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<v SPEAKER\_3>Look, it's important to recall, and you said we're doing this on May 7th, we're taking a freeze-frame snapshot.

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<v SPEAKER\_3>And this is an ever-evolving dynamic.

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<v SPEAKER\_3>Each day brings some news, and as you put it, some noise.

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<v SPEAKER\_3>And in fact, later today, this evening is the so-called Canada Growth Summit and it's accompanying dinner.

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<v SPEAKER\_3>Kirsten Hillman, the immediate prior ambassador, is giving one of the keynote speeches and being away from her central assignment in Washington, she may have some further observations on the current dynamics.

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<v SPEAKER\_3>Look, the USMCA, CUSMA-TMEK, you forgot to mention as it's called in Mexico, is a very complex, very lengthy agreement that has multiple dimensions.

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<v SPEAKER\_3>A lot of the focus, of course, thanks to Trump's actions, is on tariffs.

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<v SPEAKER\_3>But the agreement, in its some thousands of pages, deals with non-tariff barriers, deals with trade and services, was an early precedent for dealing with digital matters and anticipating AI, although it's a bit out of date, which means the interaction in terms of both the current operation and the look at the review renegotiation

involves multiple dimensions at multiple levels.

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<v SPEAKER\_3>Agriculture draws on our respective ministries of agriculture, energy discussions, other ministries, transportation, cross-border rail, trucking, and so on, involves again yet other ministries.

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<v SPEAKER\_3>On a daily basis, given the huge volume of interaction and the 30 years of integration, it means dialogue and triologue is going on on a daily basis at a technical level, at officials level, between stakeholders, to take just one out of many, many examples.

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<v SPEAKER\_3>The chemical industries of all three countries have been talking to each other, meeting with each other in as early as January.

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<v SPEAKER\_3>The three associations issued a joint statement saying, here's what we collectively think should happen in the review and why the USMCA CUSMA should continue largely intact.

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<v SPEAKER\_3>So what's going on?

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<v SPEAKER\_3>There's a headline dimension, of course.

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<v SPEAKER\_3>Did the president and the prime minister talk or text to each other?

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<v SPEAKER\_3>As you mentioned, is Dominic LeBlanc, the responsible minister, going to Washington this week or next?

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<v SPEAKER\_3>We have two very active ambassadors, US Ambassador Huxtra, very vocal, and increasingly candid about what he's hearing.

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<v SPEAKER\_3>Mark Wiseman, settling in very, very quickly and doing quite a bit of outreach, both to the administration and to US stakeholders as well.

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<v SPEAKER\_3>So despite some reports that says things are frozen and nothing's happening, there's lots of exchanges going on.

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<v SPEAKER\_3>Have they approached the formal sit down, chapter by chapter, article by article, what needs review, what needs tinkering?

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<v SPEAKER\_3>Not yet.

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<v SPEAKER\_3>And as you say, the reports seem to suggest that the three countries are very close to re-engaging in that fashion.

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<v SPEAKER\_3>So all of which is to say there's a lot going on.

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<v SPEAKER\_3>You're right to separate the substance from the noise.

00:07:25.060 --> 00:07:29.080

<v SPEAKER\_3>None of the three of us are inside the room or in the table.

00:07:29.080 --> 00:07:31.920

<v SPEAKER\_3>So can we be absolutely accurate?

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<v SPEAKER\_3>No, but it's far from frozen.

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<v SPEAKER\_3>There is engagement and there is an appreciation at the root by all three countries of the desirability of seeking to maintain what's good about our experience under the NAFTA and what strengthens the economies of all three countries.

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<v SPEAKER\_3>All of which is to say, I'm not a pessimist, nor am I unrealistically optimistic, but there's genuine and substantive engagement beginning to build up.

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<v SPEAKER\_3>One final footnote, and many of our listeners and watchers will sense this already.

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<v SPEAKER\_3>The engagement of the private sector has ramped up, and the voices of the stakeholders who matter in various sectors, from the auto industry to the white goods people and so on is palpable.

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<v SPEAKER\_3>In our democracies, of course, they're the key because while governments can smooth the playing field, these are the people

and the entities that need to take advantage of it, and they are paying attention and making their views heard.

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<v SPEAKER\_3>So all we can do from the outside is read carefully and read discerningly as to what's real and what's media twists on things.

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<v SPEAKER\_1>Or noise.

00:09:14.460 --> 00:09:15.280

<v SPEAKER\_1>Well put, Jonathan.

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<v SPEAKER\_1>I think it's important we underline that there are a lot of backers in all three countries for the continuation of what has been a remarkably successful trade framework, investment framework, and as you point out, going even beyond that into multiple other areas for the North American platform.

00:09:35.960 --> 00:09:50.640

<v SPEAKER\_1>Kevin, let me turn to you and can you paint us a picture of what's going on in Washington, within the administration, within Congress, and with Americans on their attitudes towards trade generally, and then especially towards the North American agreement?

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<v SPEAKER\_2>Colin, I'm grateful again to be here and listening to John.

00:09:59.200 --> 00:10:12.480

<v SPEAKER\_2>I want to push aside and reject your gracious Canadian parallelism, suggesting that there's an equally high-quality conversation on board sides of the border.

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<v SPEAKER\_2>Regrettably, that is not the case down here.

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<v SPEAKER\_2>We're still picking up the broken shards of the Trump trade policy, when the Supreme Court knocked that base off of the table with its decision on the President's emergency economic powers in trade.

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<v SPEAKER\_2>You both know what's happened.

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<v SPEAKER\_2>The administration has reached into its toolbox with desperation and tried to find other US trade authorities to do what?

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<v SPEAKER\_2>Well, to get back to the level of the ahistorical level of tariffs that we saw after Liberation Day.

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<v SPEAKER\_2>I think we have to see CUSMA as a subset of that effort, of that policy instinct to keep tariffs high, as you said, Colin.

00:11:01.920 --> 00:11:07.500

<v SPEAKER\_2>But the table stakes here is, as Ambassador Fried just reminded us, are enormous.

00:11:07.540 --> 00:11:12.580

<v SPEAKER\_2>This is a trillion dollars worth of trade in the three countries.

00:11:12.580 --> 00:11:16.860

<v SPEAKER\_2>60% of global GDP is at risk here.

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<v SPEAKER\_2>And to be clear, where the American side of the equation is trying to address a problem that it created, right?

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<v SPEAKER\_2>There was nothing broken about NAFTA in the first instance.

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<v SPEAKER\_2>We all went through the drama, unnecessary drama in Trump 1.0, of reinventing the agreement where, as John knows very well, because he put some of these terms in the deal, the annual review process would have allowed us to do the kind of adjustments in a workmanlike way, that the administration is now trying to do under the duress of a completely artificial deadline.

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<v SPEAKER\_2>Normally, I would say, you know this well, Colin, I mean, American administrations can walk and chew gum.

00:12:03.060 --> 00:12:09.240

<v SPEAKER\_2>It isn't the case that one big issue blots out everything in the policy sphere.

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<v SPEAKER\_2>But given that so much is Trump-centric down here, that requires his checkoff, we run into the problem that John has hinted at, and it's what our firm calls diminished capacity across the boards in government.

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<v SPEAKER\_2>Just yesterday, we saw the State Department lay off another 200 career professionals.

00:12:30.440 --> 00:12:37.380

<v SPEAKER\_2>This is in addition to the 20% reduction that Rubio announced his first day in the job.

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<v SPEAKER\_2>The same kind of thing has happened at Treasury and the other branches of government.

00:12:45.180 --> 00:13:00.960

<v SPEAKER\_2>We just have fewer people, high-competent people, who know the history the way that you and John know of the negotiations, and are in a position to bring American interest to the table and drive to a conclusion.

00:13:01.040 --> 00:13:02.240

<v SPEAKER\_2>There are fewer folks.

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<v SPEAKER\_2>They have little or no authority to describe the US position.

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<v SPEAKER\_2>Sadly, our Canadian colleagues are finding that in most cases, they aren't empowered to commit the United States.

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<v SPEAKER\_2>There's a lot of hyperbole and explanation of the US position, but not being able to reach a conclusion, not having the authority to do that, having to wait for a White House reaction, well, that's disabling to what we all understand is the normal give and take of negotiations.

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<v SPEAKER\_2>That's about where we are.

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<v SPEAKER\_2>I can talk about Iran a bit if you want, and the penalty that it's exacting.

00:13:43.820 --> 00:13:44.040

<v SPEAKER\_1>Sure.

00:13:44.040 --> 00:14:01.080

<v SPEAKER\_1>Before we get to Iran, I just want to ask you, we get the impression that between Scott Bessant and Howard Lutnick and Jameson Greer, that they're there, but the person as you said earlier, Colin

Schatz is clearly the president once again.

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<v SPEAKER\_1>Of course, we have Mr.

00:14:01.780 --> 00:14:10.260

<v SPEAKER\_1>Hoekstra here in Canada, who's been quite vocal in transmitting the mega message, though how much he is on receive, we're still not sure.

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<v SPEAKER\_1>But when you look at the administration on the trade policy front, is there someone in whom the president has confidence, or is it basically the three actors under the Treasury Secretary, the Commerce Secretary, and the United States Trade Representative with their own agendas, or how is that working?

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<v SPEAKER\_2>Colin, the quick answer, it isn't very well.

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<v SPEAKER\_2>Jonathan and I have talked about this, of course.

00:14:39.180 --> 00:14:44.320

<v SPEAKER\_2>I think pride of place at the moment, and this changes, goes to Besant.

00:14:48.660 --> 00:14:53.360

<v SPEAKER\_2>He certainly has the China portfolio, and he has a significant part of the trade portfolio.

00:14:53.920 --> 00:15:08.720

<v SPEAKER\_2>But there again, the positions of staffing him, Under Secretary for International Treasury, Assistant Secretary, those have been vacant and folks have come and go with a speed that's dizzying.

00:15:09.420 --> 00:15:13.960

<v SPEAKER\_2>Scott's on his third or fourth, I've lost count, Chief of Staff.

00:15:14.160 --> 00:15:17.280

<v SPEAKER\_2>So there's a lot of tumult at Treasury.

00:15:18.540 --> 00:15:27.480

<v SPEAKER\_2>And Greer and others, I think, are trying to do a professional, competent, normal sort of job of trade negotiation.

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<v SPEAKER\_2>But as you've hinted, I mean, all the wires seem to run back to the president.

00:15:32.840 --> 00:15:41.880

<v SPEAKER\_2>And no, there is no one person, we believe, who has a president's ear on this stuff in the White House.

00:15:42.320 --> 00:15:46.560

<v SPEAKER\_2>The National Security Council, I think, has met once, maybe twice.

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<v SPEAKER\_2>And the senior directors, many of them have never met the president of the United States.

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<v SPEAKER\_2>And that takes a toll on functionality all the way down through the system.

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<v SPEAKER\_2>Because those folks at the executive agencies, state, USTR and else, are used to working with their colleagues in the White House to get answers, to get to yes in any situation.

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<v SPEAKER\_2>And that system is in desolitude.

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<v SPEAKER\_2>It's really not working.

00:16:20.040 --> 00:16:22.860

<v SPEAKER\_2>It hasn't worked in Trump 2.0 at all.

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<v SPEAKER\_2>And people in the administration will tell you if you press them three drinks into an evening, they'll say, yeah, and the president doesn't care.

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<v SPEAKER\_2>He doesn't need that old style system.

00:16:34.120 --> 00:16:49.240

<v SPEAKER\_2>And without anything to replace it, it's left the kind of doubt and uncertainty that Jonathan characterized in his opening remarks as, as well, this is all the process that we're all trying to work.

00:16:49.240 --> 00:16:50.100

<v SPEAKER\_2>Sorry, process.

00:16:50.100 --> 00:16:51.160

<v SPEAKER\_2>We're all trying to work.

00:16:52.160 --> 00:16:55.180

<v SPEAKER\_2>But in reality, there's nothing normal about this.

00:16:55.180 --> 00:17:10.980

<v SPEAKER\_2>And it's a real penalty on US ability to solve these issues, to serve the interests of the constituencies that you were both talking about, the companies, and they aren't, as we saw from Liberation Day, and I'll finish with this.

00:17:11.560 --> 00:17:20.920

<v SPEAKER\_2>Colin, they're not getting the kind of regular dialogue with the administration that companies expect, right?

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<v SPEAKER\_2>They were totally surprised by the Liberation Day process.

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<v SPEAKER\_2>There was no corporate input.

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<v SPEAKER\_2>And we're seeing with a lot of these patchwork 232s and other things, Jonathan and I have never seen so little conversation between the upstream, downstream, interest in industries here in the US on any critical trade matter as is occurring now.

00:17:45.900 --> 00:17:53.480

<v SPEAKER\_2>So if we're being modest and confused about where things are, that reflects the reality.

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<v SPEAKER\_2>It isn't just us.

00:17:55.060 --> 00:18:16.180

<v SPEAKER\_1>No, and I think underlining as you did the hollowing out of, as you used the example of the State Department with 20 percent job loss, and then you set another 200 positions, that really does cut into the capacity and capability of what was a very good civil service, a professional civil service.

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<v SPEAKER\_2>Yeah, we're reminded of how definite the administration is about career professionalism.

00:18:23.700 --> 00:18:26.760

<v SPEAKER\_2>May 1st is remembered stay at the State Department.

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<v SPEAKER\_2>The Department for the first time in my memory didn't

recognize those foreign service officers who died in the line of duty.

00:18:35.120 --> 00:18:44.520

<v SPEAKER\_2>You know, it's subtle and not so subtle messaging that you folks don't matter very much, that the important decisions are above you.

00:18:45.460 --> 00:19:00.040

<v SPEAKER\_2>And that's demoralizing, and it's turning its back on a capability that's broad and deep, and that the president deserves to have the best answers from people who have that kind of history.

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<v SPEAKER\_2>And it just isn't happening, Colin.

00:19:02.420 --> 00:19:06.080

<v SPEAKER\_1>And I'm presuming that the trade agenda is not top of the agenda.

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<v SPEAKER\_1>As you said earlier, here's maybe an opportunity to start about the impact of the Iran, or what's that done to the bandwidth within the administration to deal with the other issues?

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<v SPEAKER\_2>Yeah, I normally if, you know, in a high functional US government, you know, the bad issue would be a secular event managed by the Department of Defense and the intelligence community.

00:19:31.480 --> 00:19:34.980

<v SPEAKER\_2>Good idea or bad idea, they'd be doing the job every day.

00:19:35.240 --> 00:19:37.280

<v SPEAKER\_2>But, you know, look at what's happened.

00:19:37.440 --> 00:19:43.060

<v SPEAKER\_2>We've seen the war cost more than a dozen American lives, over \$25 billion.

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<v SPEAKER\_2>A lot of our high-end inventory, as much as a third of some of those systems, and significant damage to the 20 bases that we have in the region.

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<v SPEAKER\_2>So too, you know, I'll have to tell Canadians how much harm, that the lack of consultation before and during the war has, the penalty, it's exacted on alliance structures, critically in the region, but also in Europe and in Asia, and the US turning its back on those countries and saying we're not interested in helping you with

any workarounds for the fuel and other commodities that you've been deprived, just expressing disinterest.

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<v SPEAKER\_2>It's their problem, not our problem, even though we created it.

00:20:29.140 --> 00:20:53.440

<v SPEAKER\_2>And finally, I'd say, you know, the thing that I think is most underrated right now, and for listeners, I would really focus on this, and this is a huge advantage for Canada, but it's a penalty for the rest of the global economy, and that is, we're just starting now to see the real impact of the global energy depredation, you know.

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<v SPEAKER\_2>We haven't built a refinery in the US and the United States down here for about half a century, so the idea that the harm that's been done, that's been inflicted on oil and gas production in the region, that somebody can just throw a switch and a bunch of guys from Halliburton and Bechtel will just show up and fix it.

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<v SPEAKER\_2>The Chairman of Exxon yesterday put that idea to pay by saying, look, this is a three to five year realignment in the energy markets.

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<v SPEAKER\_2>We're going to be living with the cost, the per barrel cost for far longer than whenever the bombs actually stop dropping and whenever some kind of normalization occurs in the region.

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<v SPEAKER\_2>I would watch that space as one of the things that I just think is really badly under reported right now in terms of the future impact of this war.

00:21:49.560 --> 00:21:50.140

<v SPEAKER\_1>Thanks, Kevin.

00:21:50.140 --> 00:21:53.320

<v SPEAKER\_1>That's I think an important point.

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<v SPEAKER\_1>Jonathan, let me come take you back to the renewal process of the CUSMA.

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<v SPEAKER\_1>Are you SMAC or TMAC, as you correctly point out, because it is three parties.

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<v SPEAKER\_1>We may be uncertain as to who the principal actors are, but at least we've got some sense that there is a renewal process.

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<v SPEAKER\_1>Can you describe what that involves to the listeners, and what happens if we don't get renewal by July the 1st?

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<v SPEAKER\_1>Sure.

00:22:25.120 --> 00:22:41.800

<v SPEAKER\_3>Look, a trade agreement, the original FTA, Canada, US, the NAFTA, the USMCA, and this renewal process is not a quote unquote treaty in the US constitutional sense.

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<v SPEAKER\_3>It doesn't get the advice and consent of two-thirds of the Senate, rather because Congress in the US Constitution is given the authority over tariffs and trade.

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<v SPEAKER\_3>It constitutes what you might call a congressional executive agreement.

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<v SPEAKER\_3>It has to be, and the previous versions have been implemented by way of congressional legislation of both houses, as it is in Canada by the Parliament and in Mexico by Congress.

00:23:15.320 --> 00:23:23.100

<v SPEAKER\_3>So the operationalization of our agreement is by way of domestic legislation.

00:23:23.760 --> 00:23:33.120

<v SPEAKER\_3>The implementing legislation for the USMCA, which endorsed a renewal process, set out a process for this review.

00:23:33.640 --> 00:23:45.660

<v SPEAKER\_3>It said, first of all, the US administration should deliver to Congress a statement of its objectives in this review six months before.

00:23:45.660 --> 00:23:57.860

<v SPEAKER\_3>So that meant at the turn of the year and a month before, it shall set out more specifically what the goals are.

00:23:58.380 --> 00:24:04.900

<v SPEAKER\_3>So one would have expected a fairly formal printed delivery of a statement of objectives.

00:24:04.900 --> 00:24:39.680

<v SPEAKER\_3>Instead, what happened was in late November, James and Greer testified two days in a row, once before the House Ways and Means Committee, once before the Senate Finance Committee, orally, saying here are some of our general objectives, here are our concerns, many of which are familiar to listeners, be it Canada's supply management, digital services taxes, preserving automotive trade for North America rather than for China, and so on.

00:24:39.680 --> 00:24:44.920

<v SPEAKER\_3>So he passed the minimum in meeting that.

00:24:46.140 --> 00:25:00.420

<v SPEAKER\_3>If there were to be agreed changes or amendments to the agreement itself that affect how things are supposed to operate, that would require Congress to amend its legislation.

00:25:02.520 --> 00:25:11.640

<v SPEAKER\_3>That's a further challenge the administration may face, and we'd have to look at whether our implementing legislation needs to be changed.

00:25:12.300 --> 00:25:26.140

<v SPEAKER\_3>Most readers and scholars of the text of the review clause would say, yeah, it says July 1st, but it says it shall be reviewed by then.

00:25:26.380 --> 00:25:30.160

<v SPEAKER\_3>It doesn't quite say it must finish on that day.

00:25:30.840 --> 00:25:40.500

<v SPEAKER\_3>James and Greer in public testimony has already said, I'm not at all convinced that will finish by then.

00:25:41.060 --> 00:25:56.400

<v SPEAKER\_3>Now, does that automatically mean, oops, we didn't succeed, so certainly an automatic 16-year exemption is off the table, and automatically we're into a second and third and fourth annual review?

00:25:56.880 --> 00:26:17.120

<v SPEAKER\_3>No, it's just as plausible, especially if this re-engagement begins now, and there's some earnest conversations between now and July, it's just as plausible for the three countries to say, we're engaged, we're reviewing, we've agreed on some of the things, but we're not done.

00:26:17.920 --> 00:26:34.840

<v SPEAKER\_3>So even this first annual review could be prolonged, in

my view, as a practical matter, without requiring congressional or other action, well into the fall and possibly over to the new year.

00:26:34.840 --> 00:26:46.860

<v SPEAKER\_3>The conspiratorial theorist would say, well, that's deliberately because Canada's stalling and delaying and not engaging, waiting for the midterm elections.

00:26:47.940 --> 00:26:58.820

<v SPEAKER\_3>I don't think that's true for many of the reasons that Kevin outlined, given the confusion and distractions in the United States as well.

00:26:59.560 --> 00:27:08.060

<v SPEAKER\_3>Given the uncertainty that the second layer of tariffs has triggered, Kevin mentioned this, the 301 investigations.

00:27:08.240 --> 00:27:18.260

<v SPEAKER\_3>Mexico is subject to both a review for unfair, not fighting unfair labour practices and for structural overcapacity.

00:27:18.560 --> 00:27:27.140

<v SPEAKER\_3>Canada is not in the overcapacity 301, but is accused of not effectively enforcing measures against forced labour.

00:27:27.340 --> 00:27:45.900

<v SPEAKER\_3>We have the 232 tariffs implemented on steel and recently revised to increase tariffs, not only on steel, but many of its derivatives, which has increased on cost for the US as well as Canadian and Mexican auto industries.

00:27:46.640 --> 00:27:55.440

<v SPEAKER\_3>We have copper, we have lumber, and we have potentially more pharmaceuticals and other 232s coming down the pipe.

00:27:55.820 --> 00:28:21.640

<v SPEAKER\_3>Thus, at that layer where all three countries will need to sort out, are we going to add any more certainties to this or is the US expecting, let's review the USMCA and we reserve the right to unilaterally change the terms to whatever we agree by using our other national security anchored authorities.

00:28:21.640 --> 00:28:34.740

<v SPEAKER\_3>This is the problem Japan and the UK and others who have signed back of napkin and the EU have ostensibly signed back of napkin deals are grappling with.

00:28:34.840 --> 00:28:45.520

<v SPEAKER\_3>We thought we signed something to add some stability, only to find that the terms are changing even before we implement what

we thought we agreed.

00:28:45.520 --> 00:29:00.300

<v SPEAKER\_3>So Canada to some extent is saying from Prime Minister Carney on down, look, we're not going to cherry pick one or another issue, given that things may get worse on some of the other issues.

00:29:00.360 --> 00:29:06.080

<v SPEAKER\_3>We'd like to have a fairly comprehensive discussion in the North American interest.

00:29:06.860 --> 00:29:33.040

<v SPEAKER\_3>Press reports say as early as October, the Canada and the US at least were discussing energy including uranium, steel that might have evolved into a so-called tariff rate quota, a guaranteed low tariff, maybe not zero tariff, but a guaranteed low tariff for volumes that would serve both America and Canada.

00:29:33.320 --> 00:29:45.940

<v SPEAKER\_3>Mexico apparently with similar discussions, but the further actions on 232 and revisions have just added more uncertainty, and it's not Canada alone.

00:29:45.940 --> 00:30:12.640

<v SPEAKER\_3>Mexico similarly, while having had press reports of earlier progress, seems to be tied up in a similar atmosphere of, well, what are the terms that we're actually trying to nail down here, and how much unilateral reservation of National Security Authority are you purporting to retain going forward?

00:30:14.180 --> 00:30:51.940

<v SPEAKER\_3>If you get to the end, whether it's July 1st, November, October, or early 2026, as I said earlier, if many of the issues are resolved in a manner that permits administrative action, for example, in supply management, short of reforming the entire system, Canada has administrative authority to adjust its tariff rate quotas, which it did in the USMCA, and it's done for CPTP partners such as New Zealand.

00:30:52.640 --> 00:31:00.700

<v SPEAKER\_3>It could implement quote-unquote improvements or adjustments without having to wait for legislation to do that.

00:31:01.040 --> 00:31:14.500

<v SPEAKER\_3>So you can't really predict what happens after July 1st without knowing what's the scope of revision or improvement that would result from the discussions.

00:31:15.780 --> 00:31:18.880

<v SPEAKER\_4>Hi, I'm Dave Perry, the President and CEO of The Canadian Global Affairs Institute.

00:31:19.180 --> 00:31:23.420

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00:31:23.800 --> 00:31:32.400

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00:31:38.580 --> 00:31:42.540

<v SPEAKER\_1>Kevin, Jonathan talked about the Host Ways and Means Committee and the Senate Finance Committee.

00:31:42.780 --> 00:31:50.280

<v SPEAKER\_1>Congress, as I read the Constitution, had primary responsibility for trade.

00:31:50.800 --> 00:31:54.720

<v SPEAKER\_1>A lot of that has been ceded to the President over the years, but it's still there.

00:31:55.120 --> 00:31:56.960

<v SPEAKER\_1>What role is Congress playing in this?

00:31:56.960 --> 00:32:06.560

<v SPEAKER\_1>And conscious that both houses, there are Republican majorities, should that shift come the midterms that Jonathan also talked about?

00:32:06.900 --> 00:32:08.560

<v SPEAKER\_1>Does that change the equation?

00:32:10.400 --> 00:32:11.540

<v SPEAKER\_2>It's a great question.

00:32:11.540 --> 00:32:19.000

<v SPEAKER\_2>I had to ask a couple of colleagues who have been following the congressional piece of this just earlier this week, mindful of this event.

00:32:19.000 --> 00:32:20.860

<v SPEAKER\_2>I said, gosh, where are we?

00:32:20.860 --> 00:32:23.180

<v SPEAKER\_2>Because I've read and seen very little.

00:32:24.320 --> 00:32:27.680

<v SPEAKER\_2>Again, this is the danger of living in the past.

00:32:27.820 --> 00:32:35.800

<v SPEAKER\_2>John and I are used to the Ways and Means and Senate Finance Committee.

00:32:36.300 --> 00:32:40.660

<v SPEAKER\_2>Those folks actually came to negotiations and second chaired them.

00:32:41.200 --> 00:32:47.340

<v SPEAKER\_2>Staff were involved iteratively on a daily basis on the ins and outs of these talks.

00:32:47.520 --> 00:32:53.740

<v SPEAKER\_2>That degree, as you've hinted at, Colin, that degree of oversight is a thing of the past.

00:32:54.200 --> 00:33:14.240

<v SPEAKER\_2>But there are a core of activists, Republicans and Democrats, who are demanding accountability on this stuff, and who, mindful of what John just said, are looking at what are the basic US interests being served by this degree of uncertainty and these mixed messages.

00:33:14.800 --> 00:33:19.820

<v SPEAKER\_2>How are we better off on the other side of whatever this renewal process looks like?

00:33:19.960 --> 00:33:22.540

<v SPEAKER\_2>How are jobs better protected?

00:33:22.840 --> 00:33:25.240

<v SPEAKER\_2>How is growth assured?

00:33:25.660 --> 00:33:30.400

<v SPEAKER\_2>John mentioned the chemical industry, which like autos is totally integrated in the three countries.

00:33:30.400 --> 00:33:31.660

<v SPEAKER\_2>I mean, let's not kid ourselves.

00:33:31.660 --> 00:33:41.420

<v SPEAKER\_2>There are products that move forward and to pharmaceuticals four or five times in the processing and reprocessing over those three borders.

00:33:41.420 --> 00:33:47.180

<v SPEAKER\_2>Getting this right is a political imperative for both Democrats and Republicans.

00:33:47.420 --> 00:34:02.300

<v SPEAKER\_2>Colin, I don't think, certainly, there'll be a much higher degree of scrutiny and oversight if the House changes, and indeed, if both the House and Senate, now a possibility, were to flip back to Democrats.

00:34:03.100 --> 00:34:11.900

<v SPEAKER\_2>But the stewardship of that process is ongoing at a relatively reduced level at present.

00:34:12.280 --> 00:34:24.300

<v SPEAKER\_2>To answer your question, if the majorities flip, we can expect a much more active role, I think, John, by both the Senate and the House members.

00:34:24.620 --> 00:34:27.540

<v SPEAKER\_2>Though not necessarily much more adversarial.

00:34:27.540 --> 00:34:33.460

<v SPEAKER\_2>That's going to play out in a bunch of other spheres, but I don't think in this regime.

00:34:34.280 --> 00:34:43.440

<v SPEAKER\_1>Because if they just rolled it forward and didn't require any legislative changes, then Congress would still have authority to oversight.

00:34:43.960 --> 00:34:49.160

<v SPEAKER\_1>But if there wasn't a need for legislation, that would make the process easier, would it not?

00:34:49.480 --> 00:34:50.400

<v SPEAKER\_2>It sure would.

00:34:50.980 --> 00:34:52.380

<v SPEAKER\_2>We'll see how that plays out.

00:34:54.160 --> 00:34:59.140

<v SPEAKER\_2>My one concern would be that Democrats put their hand up and say, oh, no, wait a minute.

00:35:01.000 --> 00:35:09.040

<v SPEAKER\_2>After November, if they're dealt back into the game more fully, they might try to insist on changes in the law.

00:35:10.880 --> 00:35:30.020

<v SPEAKER\_2>In part, to fortify, John, tell me if you think this is wrong, to fortify some of the choices that have been made, not just by way of criticism, but by way of committing future administrations to the predictability that we're all talking about being absent from the process at present.

00:35:30.620 --> 00:35:30.940

<v SPEAKER\_3>Yeah.

00:35:30.940 --> 00:35:42.360

<v SPEAKER\_1>Which, as I recall, is part of what happened last time when there were things that we'd sought, but there was a change in majority in the Congress, and the Democrats put in reinforced environmental and labor protections.

00:35:43.260 --> 00:35:43.720

<v SPEAKER\_3>Yeah.

00:35:43.720 --> 00:35:50.660

<v SPEAKER\_3>But let me add, Colin, as you know, from your Washington experience as well, and Kevin can validate this.

00:35:51.360 --> 00:35:58.800

<v SPEAKER\_3>Very often, it's not Republicans versus Democrats, but communities of interest.

00:35:58.800 --> 00:36:09.260

<v SPEAKER\_3>So we've seen joint letters bipartisan in favor of opening up Canadian dairy, for example.

00:36:09.260 --> 00:36:25.920

<v SPEAKER\_3>On the other hand, we've seen a coalition of Congress people signing a letter, 30 or 40 of them saying, particularly from the Northern tier, we've got to preserve and promote the integrity of the USMCA in this review.

00:36:26.320 --> 00:36:33.540

<v SPEAKER\_3>So you've got caucuses depending on the sector, the agriculture community, huge.

00:36:33.540 --> 00:36:41.640

<v SPEAKER\_3>Canada and Mexico are the first and second largest customers of US agriculture in the billions of dollars.

00:36:41.840 --> 00:36:59.820

<v SPEAKER\_3>And if you throw out the free trade we enjoy, going both ways, because the US consumes quite a bit of Canadian product as well, that puts a lot of farmers in the US at a disadvantage.

00:36:59.820 --> 00:37:26.140

<v SPEAKER\_3>So you're going to hear more and more, and I referred to this earlier, as people begin to focus on the July ostensible deadline and lining up what they're interested in, the auto industry as well, being hit by the copper, steel, and aluminum tariffs, added to their costs, are saying, all right, we understand where you're coming from on China.

00:37:26.460 --> 00:37:30.160

<v SPEAKER\_3>We need the integrated North American production.

00:37:30.160 --> 00:37:39.640

<v SPEAKER\_3>If you think you're going to make everything solely in the United States, that ain't going to work, and any kind of retooling would take 20 years or so.

00:37:40.100 --> 00:37:41.860

<v SPEAKER\_3>So don't even think about it.

00:37:41.880 --> 00:37:47.340

<v SPEAKER\_3>Let us earn some money here for all three countries and all three industries.

00:37:47.560 --> 00:37:59.560

<v SPEAKER\_3>So that noise, that substantive concern will grow, both in industry but also in Congress itself.

00:38:01.080 --> 00:38:03.300

<v SPEAKER\_1>What you said, Jonathan, and I'm glad you underlined that.

00:38:03.300 --> 00:38:05.420

<v SPEAKER\_1>I'll turn to you, Kevin, because I want you to speak to this.

00:38:06.140 --> 00:38:20.980

<v SPEAKER\_1>As Jonathan says, there's party, but there's the community of interests as well, which often cross-party and represents sector and region, which has certainly always been a factor in trying to understand the United States Congressional system and politics.

00:38:21.760 --> 00:38:33.040

<v SPEAKER\_1>Do those communities of interest presumably, particularly as many of them represent business, as Jonathan's described, pharmaceutical, auto, agriculture interests.

00:38:33.960 --> 00:38:36.840

<v SPEAKER\_1>As I recall, the last time around, when Mr.

00:38:36.840 --> 00:38:57.540

<v SPEAKER\_1>Trump was considering on day 100, declaring the end of

NAFTA, but was persuaded otherwise by his Secretary of Agriculture, I think it was Sonny Perdue and by the Secretary of Energy, former Governor of Texas, persuaded him that this was not in his interest.

00:38:58.040 --> 00:39:09.820

<v SPEAKER\_1>So am I right to think that these communities of interests are now starting to make themselves heard and do they have the same capacity that they had the last time around?

00:39:11.480 --> 00:39:18.020

<v SPEAKER\_2>Colin, I can't answer the second half of that question because of the peculiarities of Trump governance down here.

00:39:18.040 --> 00:39:31.800

<v SPEAKER\_2>But I think you're both on to something really powerful, which is we've got an administration that's nearly 70 percent underwater on the question of Americans' confidence in their management of the economy.

00:39:32.260 --> 00:39:42.460

<v SPEAKER\_2>Their trade policy, in addition to the inflation that it's induced down here and up there, regrettably, we've lost over 100,000 manufacturing jobs.

00:39:42.540 --> 00:39:48.040

<v SPEAKER\_2>Remember, that was one of the metrics that the administration had on the success of its own policy.

00:39:48.260 --> 00:39:50.380

<v SPEAKER\_2>This doesn't look real good, does it?

00:39:51.680 --> 00:40:04.460

<v SPEAKER\_2>To lose those community of interest that you're both describing, and I would add to it, by the way, border states that Jonathan knows well, because he certainly played this process when he was working down here.

00:40:07.740 --> 00:40:15.320

<v SPEAKER\_2>They come to this conversation with very different voices than are heard inside the White House.

00:40:16.020 --> 00:40:17.280

<v SPEAKER\_2>Watch that space.

00:40:17.280 --> 00:40:18.960

<v SPEAKER\_2>I think you're right in asking the question.

00:40:18.960 --> 00:40:46.320

<v SPEAKER\_2>I think that a failure to show progress and indeed show more market opening and more growth building policies of the kind that

the original NAFTA, CFTA and NAFTA started, that's going to be, that's going to be met with some really harsh judgments from businesses and labor unions in all three countries, but certainly down here in a big way in the peculiar politics we've got going now.

00:40:47.600 --> 00:40:48.860

<v SPEAKER\_1>Kevin, stay with me for a minute.

00:40:49.020 --> 00:40:50.480

<v SPEAKER\_1>You talked about the border communities.

00:40:51.080 --> 00:40:51.800

<v SPEAKER\_1>We hear Mr.

00:40:51.800 --> 00:40:59.060

<v SPEAKER\_1>Trump and the team talking about, particularly the team saying, well, he wants to have bilateral agreements, not a trilateral agreement anymore.

00:40:59.180 --> 00:41:09.320

<v SPEAKER\_1>And yet, the North American platform has proved its worth since the negotiation of the NAFTA in resoundingly I think positively for all three countries.

00:41:09.720 --> 00:41:13.680

<v SPEAKER\_1>And it also had a geostrategic purpose as George HW.

00:41:13.680 --> 00:41:21.260

<v SPEAKER\_1>Bush, who saw this as the way to bring Mexico and present it becoming a failed state.

00:41:21.680 --> 00:41:23.980

<v SPEAKER\_1>That, those arguments, must surely still apply.

00:41:24.660 --> 00:41:29.760

<v SPEAKER\_1>Do you think that the declarations about all with two separate agreements is simply posturing?

00:41:29.760 --> 00:41:36.500

<v SPEAKER\_1>Or is there a real, is this because this is how Trump negotiated real estate deals?

00:41:36.500 --> 00:41:44.000

<v SPEAKER\_1>He simply doesn't like anything that's more than one other adversary where he can use the American leverage to try and gain as much as he can.

00:41:44.540 --> 00:41:53.360

<v SPEAKER\_2>Colin, I think that there's a powerful truth in that, that the guy spent his whole business life focused on two-party deals.

00:41:53.360 --> 00:41:59.000

<v SPEAKER\_2>Jonathan and I spent much of our professional careers with six or eight different people around the table.

00:42:00.740 --> 00:42:01.680

<v SPEAKER\_2>That's normal.

00:42:03.180 --> 00:42:09.680

<v SPEAKER\_2>Canada and the US, more often than not, would share an interest and gave us a lot of leverage.

00:42:10.380 --> 00:42:12.040

<v SPEAKER\_2>Trump doesn't see things that way.

00:42:12.100 --> 00:42:21.840

<v SPEAKER\_2>I would also say, however, Colin, that we make a mistake when we overrate Trump as businessman, as opposed to Trump as game show host.

00:42:22.340 --> 00:42:24.860

<v SPEAKER\_2>That's what he did for two decades, most recently.

00:42:25.420 --> 00:42:29.900

<v SPEAKER\_2>And so he likes that kind of bilateral tension.

00:42:29.900 --> 00:42:33.560

<v SPEAKER\_2>He likes that us or them sort of mentality.

00:42:33.600 --> 00:42:40.100

<v SPEAKER\_2>He's discovering in the Iran situation that the world is, in fact, a lot more complicated than that.

00:42:41.220 --> 00:42:43.380

<v SPEAKER\_2>So is he chasing it all?

00:42:43.380 --> 00:42:44.060

<v SPEAKER\_2>No, I don't think so.

00:42:44.280 --> 00:42:47.540

<v SPEAKER\_2>I don't think he's an adaptive thinker in any way.

00:42:48.420 --> 00:42:53.780

<v SPEAKER\_2>But the fact is, other Republicans, this is just game theory, Colin, at this point.

00:42:53.880 --> 00:43:02.280

<v SPEAKER\_2>Other Republicans are starting, and I would say just barely starting, to realize the game theory advantage here is that they're already in the post-Trump world.

00:43:03.840 --> 00:43:16.460

<v SPEAKER\_2>That in order to win in Michigan, Iowa, I mean, we've got Senate seats in play for the Republicans now in Iowa, Nebraska, Kansas, and even Texas.

00:43:17.440 --> 00:43:18.860

<v SPEAKER\_2>And Ohio, I should mention.

00:43:19.740 --> 00:43:21.260

<v SPEAKER\_2>That's not normal.

00:43:21.340 --> 00:43:30.960

<v SPEAKER\_2>And it's a direct result of people not feeling that the quality of their lives and the issues they care about are being met.

00:43:31.080 --> 00:43:35.460

<v SPEAKER\_2>Whereas your Prime Minister seems to be doing exactly the opposite thing.

00:43:35.460 --> 00:43:40.100

<v SPEAKER\_2>He's very focused, it seems to me, on improving the lives of Canadians.

00:43:40.700 --> 00:43:45.640

<v SPEAKER\_2>Even his international efforts are geared towards that kind of result.

00:43:46.520 --> 00:43:52.920

<v SPEAKER\_2>So, you know, is Trump going to change and become better at that sort of polity?

00:43:53.060 --> 00:43:53.920

<v SPEAKER\_2>I don't think so.

00:43:54.400 --> 00:43:59.560

<v SPEAKER\_2>But other House and Senate Republicans are going to be pushed to a failure point.

00:43:59.620 --> 00:44:16.000

<v SPEAKER\_2>If they, let's be clear, against the backdrop of nearly 70% disapproval on the economy, would an outright failure of CUSMA look like a win or a loss to most Americans who are already very suspicious of where this administration's economy is going?

00:44:16.880 --> 00:44:18.260

<v SPEAKER\_1>Jonathan, you lead on this one.

00:44:19.100 --> 00:44:22.280

<v SPEAKER\_1>China, how does this play into the equation?

00:44:22.280 --> 00:44:23.560

<v SPEAKER\_1>We certainly get the sense from Mr.

00:44:23.560 --> 00:44:28.740

<v SPEAKER\_1>Trump that he wants us to not to be a backdoor for Chinese goods.

00:44:29.180 --> 00:44:42.600

<v SPEAKER\_1>We saw the presence in the last agreement that if there was a free trade agreement with another, unnamed, presumably China, that the United States could intervene, and they've made some noise around Mr.

00:44:42.600 --> 00:44:46.220

<v SPEAKER\_1>Carney's recent discussions with China.

00:44:46.540 --> 00:44:48.200

<v SPEAKER\_1>But is this a real factor?

00:44:48.480 --> 00:44:50.540

<v SPEAKER\_1>Kevin, I want you to comment on this after Jonathan.

00:44:52.660 --> 00:44:56.580

<v SPEAKER\_3>Let me preface that with a quick footnote on bilateral versus trilateral.

00:44:57.160 --> 00:45:07.260

<v SPEAKER\_3>We tend to forget that the original NAFTA and the USMCA has several bilateral dimensions under a trilateral umbrella.

00:45:08.020 --> 00:45:18.400

<v SPEAKER\_3>The way US and Mexico deal with energy and certain investment provisions is quite separate from the US-Canada arrangements in those sectors.

00:45:18.580 --> 00:45:20.820

<v SPEAKER\_3>So it's almost a false dichotomy.

00:45:20.820 --> 00:45:31.600

<v SPEAKER\_3>It's perfectly possible architecturally to have bilateral deals within and preserving a trilateral framework.

00:45:32.020 --> 00:45:35.420

<v SPEAKER\_3>On the China dimension, well, take a step back.

00:45:35.660 --> 00:45:49.100

<v SPEAKER\_3>There is no doubt that all three countries share a concern with the modern incarnation of national security, which is economic security.

00:45:49.340 --> 00:46:27.460

<v SPEAKER\_3>The more we learn about Chinese efforts to dominate high technology, to manipulate the supply of critical minerals and metals, the more we learn about their covert and overt operations, the more all three countries share a concern that we can't inadvertently or negligently aid and abet Chinese access to certain sectors and certain technologies.

00:46:30.340 --> 00:46:50.660

<v SPEAKER\_3>On the semiconductor and related material, we're not in any disagreement, I don't think, on some basic terms of keeping our borders intact both on export controls, not letting any of our high-tech leak.

00:46:54.600 --> 00:47:09.040

<v SPEAKER\_3>To China, and conversely, Mexico is instituting its own foreign investment review to match Canada's, and the US long-standing so-called CFIUS, Committee on Foreign Investment, reviews.

00:47:09.200 --> 00:47:24.140

<v SPEAKER\_3>You don't want China taking over technologies and firms in areas that might give them access to technology or resources that they don't deserve to have.

00:47:24.440 --> 00:47:33.880

<v SPEAKER\_3>The auto industry, look, China's sales in Mexico are well established.

00:47:34.040 --> 00:47:36.100

<v SPEAKER\_3>The cars are on the road.

00:47:36.100 --> 00:47:43.120

<v SPEAKER\_3>Those of you who have visited will have seen all the BYD taxis there and so on.

00:47:44.580 --> 00:47:50.680

<v SPEAKER\_3>They're never going to make it into the United States except people driving for temporary visits.

00:47:53.760 --> 00:48:02.640

<v SPEAKER\_3>It's not going to be possible for the United States unilaterally to say to Mexico, get rid of those vehicles on your roads.

00:48:03.140 --> 00:48:25.120

<v SPEAKER\_3>Similarly, in Canada, all Prime Minister Carney did in reestablishing some civility in Canada-China relations was to restore a very small quota that was there before our battles with Madame Meng and the two Michaels in return.

00:48:25.120 --> 00:48:28.120

<v SPEAKER\_3>It's no more than 3% of the Canadian market.

00:48:28.360 --> 00:48:32.660

<v SPEAKER\_3>At a price level, that's a niche that's not filled by the big three.

00:48:33.180 --> 00:48:38.640

<v SPEAKER\_3>We're all agreed, I think, in large measure to follow the US lead.

00:48:39.000 --> 00:49:01.360

<v SPEAKER\_3>The Commerce Department, without waiting for USMCA, has issued a new rule that says that by 2030, no vehicle manufacturer, the big three, Europeans or otherwise, can have in the United States a vehicle that uses Chinese electronic technology beyond a certain threshold.

00:49:01.620 --> 00:49:21.600

<v SPEAKER\_3>And the big three are already retooling, resourcing, developing alternatives to the back door that China is alleged to have through its electronics in having your personal information when you turn on your GPS in your car and so on.

00:49:21.600 --> 00:49:23.600

<v SPEAKER\_3>So there's large agreement on that.

00:49:23.900 --> 00:49:51.420

<v SPEAKER\_3>There's large expectation and I think fair measure of agreement that the rule of origin overall for automotive production will need to be raised to a further high threshold of North American content and we're all quite capable of getting there with further investments.

00:49:53.340 --> 00:50:10.620

<v SPEAKER\_3>The devil will be in the detail because the US has talked about a sub rule of origin that says within North American content we need a further onerous threshold that a certain high percentage must be US content itself.

00:50:10.620 --> 00:50:22.240

<v SPEAKER\_3>And if that's the detriment of Mexico and Canada and the integrated production we have, that's a discussion that needs to be had with industry as well.

00:50:22.760 --> 00:50:36.620

<v SPEAKER\_3>So all of which is to say, I think we're in good measure of alignment on the threat that China poses in certain sectors.

00:50:36.620 --> 00:50:55.600

<v SPEAKER\_3>We all recognize that, shall we say, garden-variety commerce, consumer goods, and so on, are part and parcel of what our consumers want and expect, and don't have the North American-based replacements to it.

00:50:56.600 --> 00:51:03.620

<v SPEAKER\_3>The notion that you can't do a deal with China and be part of North America is belied by Trump's hypocrisy.

00:51:03.920 --> 00:51:07.660

<v SPEAKER\_3>If he says, you can't do a one-off deal with China.

00:51:07.880 --> 00:51:22.220

<v SPEAKER\_3>But by the way, I'm going to Beijing and I'm going to make my own free trade deal for this much more soya or this much more grain or what have you, is the pot calling the kettle black.

00:51:22.220 --> 00:51:45.440

<v SPEAKER\_3>And I don't think Prime Minister Carney will be dissuaded from in that zone of legitimate secure safe commerce from continuing to put things on a normal keel with vibrant commerce between us and the same with Mexico.

00:51:46.360 --> 00:51:57.120

<v SPEAKER\_3>We both, we all however, need to be conscious and this is a subplot of the circumvention and trade diversion effect.

00:51:57.540 --> 00:52:42.580

<v SPEAKER\_3>That if China is unfairly subsidizing through industrial policy, tremendously low-cost goods and we try and put a dumping or countervailing duty on those imports and China shifts and just moves its factory to Vietnam, if not to Mexico or somewhere else, and it comes in labeled the Vietnamese good, we have to be conscious that this new way of doing business, and estimates range from 5 percent to maybe as high as 15 or 20 percent of the increased trade into the United States and in particular from Vietnam, is actually trans ship China goods.

00:52:42.580 --> 00:52:56.940

<v SPEAKER\_3>Do we move in the future from an era of what's the origin of the content to what's the ownership and control of that production even if it's located in a third country?

00:52:57.140 --> 00:53:07.160

<v SPEAKER\_3>That's something we need to face, but also Europe and other recipients of Chinese subsidized goods going forward.

00:53:07.160 --> 00:53:19.480

<v SPEAKER\_3>It's been the subject of discussion at the WTO, but

obviously with 166 countries, no agreement on how to move forward on greater disciplines in that area.

00:53:20.840 --> 00:53:21.760  
<v SPEAKER\_1>Thank you, Jonathan.

00:53:22.040 --> 00:53:24.620  
<v SPEAKER\_1>My last question, and I'll let you lead on this, Kevin.

00:53:24.860 --> 00:53:31.320  
<v SPEAKER\_1>What would be your advice here to give Prime Minister Carney a phone jump and says, all right, Kevin, we're coming down there yet again.

00:53:31.320 --> 00:53:36.260  
<v SPEAKER\_1>Any advice to me and the negotiating team as we deal with the Trump administration?

00:53:37.280 --> 00:53:52.020  
<v SPEAKER\_2>I wouldn't presume to give an Oxford-educated, twice central bank chairman, a leader of a country as important as Canada, any advice other than to see the course.

00:53:52.020 --> 00:54:00.420  
<v SPEAKER\_2>I mean, what we've seen from the Canadians, as John opened it up with is patience, professionalism, and persistence.

00:54:01.260 --> 00:54:03.140  
<v SPEAKER\_2>Just keep doing the job.

00:54:03.160 --> 00:54:08.700  
<v SPEAKER\_2>Just keep pretending everything is normal, even and especially when you know it's not down here.

00:54:09.740 --> 00:54:20.700  
<v SPEAKER\_2>As I said in an article in Policy Magazine this past week, be prepared to say, I'll talk to you later when you calm down.

00:54:22.280 --> 00:54:25.880  
<v SPEAKER\_2>I think that seems to be the evolving strategy.

00:54:26.180 --> 00:54:29.600  
<v SPEAKER\_2>Colin and I, I think that's exactly right.

00:54:30.200 --> 00:54:33.160  
<v SPEAKER\_2>Don't imagine that Canada has no leverage.

00:54:34.500 --> 00:54:43.800  
<v SPEAKER\_2>The asymmetry in the trade relationship, including the fact that you buy seven times more American stuff than we buy per

capita, Canadian stuff.

00:54:43.800 --> 00:54:46.500

<v SPEAKER\_2>Well, that's its own kind of leverage, isn't it?

00:54:47.660 --> 00:54:59.880

<v SPEAKER\_2>Canada is not in a bad position, and the US has just put it in a much better position in the significance of Canada's energy security for us and for the rest of the world.

00:55:00.760 --> 00:55:01.060

<v SPEAKER\_1>All right.

00:55:01.060 --> 00:55:01.760

<v SPEAKER\_1>I like that.

00:55:02.200 --> 00:55:04.100

<v SPEAKER\_1>Patience, persistence, professionalism.

00:55:04.100 --> 00:55:05.340

<v SPEAKER\_1>Jonathan, Mr.

00:55:05.340 --> 00:55:09.340

<v SPEAKER\_1>Carney calls you up and says, Jonathan, you've been at this table before.

00:55:09.620 --> 00:55:13.600

<v SPEAKER\_1>Any advice from your vast experience dealing with the Americans?

00:55:15.500 --> 00:55:20.160

<v SPEAKER\_3>No, other than to endorse what we see unfolding.

00:55:20.160 --> 00:55:43.980

<v SPEAKER\_3>Again, going back to where I started, the agreement and the framework for North American trade and investment works because it is comprehensive, because it cuts across everything from the raw material, to intermediate goods, to processing, to the services and sales, and financing that results.

00:55:44.360 --> 00:56:06.960

<v SPEAKER\_3>Thus, assembling across the board, all of those dimensions to have a voice from the Prime Minister to the President that says, it is in the US as well as the Canadian interest to look at this comprehensively, to look at its impact on not only your manufacturing and jobs that we helped create.

00:56:07.240 --> 00:56:15.920

<v SPEAKER\_3>I think the last figure, Colin, is something like six million US jobs can be traced directly to Canada-U.S.

00:56:15.920 --> 00:56:16.900  
<v SPEAKER\_3>trade alone.

00:56:19.460 --> 00:56:22.600  
<v SPEAKER\_3>Then you take agriculture, you take energy, and so on.

00:56:22.640 --> 00:56:51.980  
<v SPEAKER\_3>The team that has been assembled by having a former clerk of the Pervy Council who therefore is accustomed to coordinating all various ministries and to assembling stakeholder voices is well placed to help the Prime Minister assemble that, I won't call it argument, but that articulation of why this isn't just for Canada.

00:56:51.980 --> 00:57:02.740  
<v SPEAKER\_3>Obviously, it must be in the Canadian interest, as Prime Minister Carney has said, but also in the United States own interest to do so.

00:57:03.260 --> 00:57:12.540  
<v SPEAKER\_3>I'm quite supportive of the posture and position taken, if media would pay attention to that more than the noise that surrounds it.

00:57:13.200 --> 00:57:13.860  
<v SPEAKER\_1>All right.

00:57:13.980 --> 00:57:14.820  
<v SPEAKER\_1>Thank you, Jonathan.

00:57:14.820 --> 00:57:15.360  
<v SPEAKER\_1>Thank you, Kevin.

00:57:15.360 --> 00:57:17.120  
<v SPEAKER\_1>My last question, Jonathan, you lead.

00:57:17.480 --> 00:57:19.120  
<v SPEAKER\_1>What are you reading or streaming these days?

00:57:20.320 --> 00:58:09.520  
<v SPEAKER\_3>Well, very recent because Ezra Klein of The New York Times did a fascinating interview with a woman named Helena Rosenblatt, who's a Swedish economic historian, and she has written a magnum opus, tracing in effect a thousand years of liberalism, going back to Greek and Roman origins, how it has evolved both as a social and philosophical concept through the French and American revolutions to its modern Franklin Roosevelt-inspired social incarnation.

00:58:09.540 --> 00:58:28.100  
<v SPEAKER\_3>It's an important lesson for those who are either center-

left or center-right in appreciating what the core values of the balance between freedom and responsibility are, compassion versus individualism.

00:58:28.760 --> 00:58:32.080

<v SPEAKER\_3>I'm only partway through it, but it's a wonderful read.

00:58:32.700 --> 00:58:33.160

<v SPEAKER\_1>All right.

00:58:33.160 --> 00:58:34.360

<v SPEAKER\_1>Very good advice.

00:58:35.140 --> 00:58:37.220

<v SPEAKER\_1>Kevin, what are you reading or streaming these days?

00:58:37.440 --> 00:58:44.360

<v SPEAKER\_2>Nothing that erudite, though I recommend to anybody online, Christopher Smart's Leading Thoughts.

00:58:44.360 --> 00:58:48.860

<v SPEAKER\_2>Brilliant guy, geopolitical economist, friend of Jonathan's and mine.

00:58:49.600 --> 00:58:50.100

<v SPEAKER\_2>Sign up.

00:58:50.100 --> 00:58:51.360

<v SPEAKER\_2>A lot of his stuff is free.

00:58:51.360 --> 00:58:52.520

<v SPEAKER\_2>It's on Substack.

00:58:53.100 --> 00:58:54.920

<v SPEAKER\_2>Christopher Smart, you can't go wrong.

00:58:55.380 --> 00:59:00.500

<v SPEAKER\_2>For books, I just finished Joe Harkin's The Pretender.

00:59:01.700 --> 00:59:04.280

<v SPEAKER\_2>I'm far less serious a reader than Jonathan.

00:59:04.300 --> 00:59:24.900

<v SPEAKER\_2>It's historical fiction based on the true events around the 1480s and the rise of the Tudor dynasty, where a kid from rural England is grabbed out of nowhere, and this is the true part, and the crown is stuck on his head, and there's an odd interim in the interregnum after the War of Roses and such.

00:59:25.100 --> 00:59:25.980

<v SPEAKER\_2>It's a hoot.

00:59:25.980 --> 00:59:29.120

<v SPEAKER\_2>This woman is a brilliant, fast-paced writer.

00:59:29.220 --> 00:59:31.720

<v SPEAKER\_2>You'll whip through this thing and you'll laugh.

00:59:32.840 --> 00:59:36.960

<v SPEAKER\_2>Not a normal instinct with histories, but she's great.

00:59:37.480 --> 00:59:38.040

<v SPEAKER\_1>Excellent.

00:59:38.140 --> 00:59:41.120

<v SPEAKER\_1>We need some diversion, especially historical diversion this time.

00:59:41.420 --> 00:59:43.140

<v SPEAKER\_1>Kevin, Jonathan, thank you very much.

00:59:43.460 --> 00:59:45.900

<v SPEAKER\_1>Thanks for listening to this episode of The Global Exchange.

00:59:46.340 --> 00:59:48.900

<v SPEAKER\_1>We were joined today by Jonathan Fried and Kevin Nealer.

00:59:49.120 --> 00:59:57.680

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00:59:58.180 --> 01:00:01.500

<v SPEAKER\_1>The Global Exchange is brought to you by our team at The Canadian Global Affairs Institute.

01:00:01.560 --> 01:00:06.440

<v SPEAKER\_1>My thanks, as always, go to our producer, Jordyn Carroll, and to Drew Phillips for providing our music.

01:00:06.520 --> 01:00:07.680

<v SPEAKER\_1>I'm Colin Robertson.

01:00:07.900 --> 01:00:09.880

<v SPEAKER\_1>Thanks for joining us today on The Global Exchange.