



**CANADIAN GLOBAL AFFAIRS INSTITUTE**  
**INSTITUT CANADIEN DES AFFAIRES MONDIALES**

# **Canada's State of Trade: At Home and Beyond**

by Katarina Koleva, Queena Li & Verna Yam  
February 19, 2019

# CONFERENCE REPORT

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### **EDC Overview of Facts and Figures of Trade: Stephen Tapp (Deputy Chief Economist)**

- *We're living in interesting times*
  - China's challenge to the global trading system
  - Populism is back in developed markets. That leads to 1) policy uncertainty - the "new normal" - which is now at peak level; 2) protectionism – it has increased and has changed the way countries do global business. Protectionism affects 32% of Canadian exporters' global strategies; trade barriers have become the top challenge for Canadian exporters
  - Higher input prices, as shown by the steel and aluminum prices across a wide range of countries
  - The tariff war between the US and China has escalated, and tariffs affect both imports and markets. Financial markets, in general, have been tested.
  - Globally, the growth is slowing. World trade in 2015-16 was growing quite strongly, since 2016 it is constantly slowing
- *2019 known unknowns*
  - March 1: Deadline for the US-China to work out their relationship
  - March 6: Huawei in Canada
  - March 29: Brexit
  - Summer: Ratification of the CUSMA
  - WTO's dispute settlement mechanism
- *Reasons for optimism*
  - US Fed's reserve policy on pause, there will be less monetary tightening in the US
  - The US economy has room to grow based on labour force participation in %
  - Canada's exports will grow in the next 6 months
  - CUSMA may spur investments
  - Diversification push
- *Conclusions*
  - Uncertain, challenging trade context
  - 2019 drama: CUSMA resolution or escalation and the trade war between the US and China, although there is a chance for a relatively modest deal
  - Upside: firms are adjusting, diversifying; a big push for different markets

### **Looking at Canadian Trade: John Hannaford (Deputy Minister International Trade)**

- *CUSMA on the top of the list in terms of trade policy*
  - the signature in November was a critical step



- preserves Canada's preferential access to US and Mexico's markets
- highlights the importance of trade diversification
- Increasing exports by 50% by 2025, incl. trade diversification and jobs
- China remains an important market for Canadian businesses
- Agreements with Israel, Chile, and Israel
- Canada's role in the WTO – negotiations continue (started last fall, then in Davos)
- Canada's interest unchanged: We'll continue to pursue for open markets, beneficial for Canada

## **Panel 1: Positioning Canada Against Protectionist Forces At Home & Abroad**

**Hon. John Manley (Chair, CGAI Advisory Council), Hon. Perrin Beatty (President, Canadian Chamber of Commerce) and Susannah Pierce (External Affairs Director, LNG Canada) moderated by Colin Robertson (Vice President, CGAI)**

*Is Canada well positioned to support natural resources businesses?*

- **Hon. John Manley:** Canada's oil and natural gas industries face a bottleneck problem. Canada's resource businesses need a stronger enabling policy environment to overcome difficulties with getting goods to market. There is an annual competition between agricultural and mineral industries for rail and marine transport access, which cannot accommodate the needs of both.
- **Susannah Pierce:** LNG Canada's success in building natural gas export facilities off the coast of British Columbia highlights the importance of managing non-technical risks. This 'de-risking' means working with local indigenous communities, government, and contractors to understand local needs, reveal local value, and enable them to be participants in the process. Canada has a geographical advantage over the US in terms of being closer to China, but is disadvantaged by a lack of infrastructure, costs of labour, and unique regulatory uncertainties.
- **Hon. Perrin Beatty:** Canada needs political leadership in developing a resources strategy which affirms Canada's commitment to getting resource goods to market in a responsible way. Internationally, and specifically with Japan, there is a desire to do business with Canada, but also uncertainty among investors about whether Canada wants to, or can, deliver. Canada needs to adopt a message of pride as a resource-rich country and stop making decisions by delay or default. It is Canada's right and responsibility to bring resources to market, as a country with higher compliance with environmental and legal standards than many other resource-rich countries like Russia, Venezuela, and Saudi Arabia.



- **Hon. John Manley:** Collaboration, coordination, and consultation are important processes, but they are also difficult and time-consuming. Not all proponents are willing to take on the onus and engage in such processes, which becomes problematic given the essential role of proponents in Canadian resource projects. There also needs to be recognition that trade deals do create losers—loss of wages, jobs—and arguments should be situated in the impacts of trade and rapid technological advances. Protests may be related to particular projects, but there is also a general discontent with existing solutions.
- **Susannah Pierce:** The Coastal GasLink pipeline provides an example of an elected system working with a hereditary system. Refusal to engage has not worked for proponents or government in getting resources to market. Industry leadership needs to stay committed and lead from the front.
- **Hon. Perrin Beatty:** Canada's policies do not currently provide the certainty to get resources goods to market, but it can. Canada's trade agreements with Europe and CUSMA have reduced some uncertainty, but Canada's position in the world has changed and it can no longer take the US-Canadian symbiosis for granted. Canada needs to have an honest search to identify its true allies, threats, and opportunities.
- **Hon. John Manley:** Regarding the US, geography is still destiny. In the past, Canada has taken advantage of its ability to differ from the US in its policies. Today, Canada is more alone in the world than ever before. Canada can no longer assume that US alignment will always be in its favour and interest. Canada needs to promote and protect its own values domestically and build consensus on how to pursue its own economic interests. Canada's foreign policy needs to place economic interests at its core, just like other countries. Challenges are not all in Ottawa; the decisions of provincial governments also create uncertainty, such as with rules on carbon pricing changing across jurisdiction and governments.

## **Panel 2: Making Trade Deals Work for Canada**

**John Weekes (Senior Business Advisor, Bennett Jones; Fellow, CGAI), Claire Citeau (Executive Director, CAFTA), Corinne Pohlmann (Senior VP, CFIB) and Eugene Beaulieu (Professor, University of Calgary) moderated by Sarah Goldfeder (Principal, Earnscliffe; Fellow, CGAI)**

- **John Weekes:** With a US retreat from multilateral trade, Canada is competitively positioned to access European markets and CPTPP markets. How long will Canada benefit from this opportunity? If it is a five-year period, this is a very attractive proposition for investment in Canada, but if the time horizon is shorter, the proposition may be less attractive. The US is unlikely to return to CPTPP during the current



administration. If an agreement is not signed by July 1, 2021, the US Congress must approve a new trade promotion authority. Even assuming negotiations are fast-tracked, the earliest that US can negotiate a deal is in six to ten years. Canada needs to take advantage of this window of time.

- **Claire Citeau:** CPTPP is transformational for agriculture and agri-food exports, providing opportunities for Canada to catch up to competitors. US absence from the agreement is a head start, but they will be back with Japan based on the size of the market. Other countries should be invited to join CPTPP—Thailand, South Korean and others. As the 2<sup>nd</sup> largest agricultural export market, China remains a growing priority market. CETA opportunities have not been fully realised due to challenges arising from non-tariff barriers, such as meat processing standards and labeling requirements.
- **Corinne Pohlmann:** Disseminating trade information is important for Canadian SMEs, but challenges also lie in convincing businesses to engage in inter-provincial or international trade. SMEs have practical concerns about currency fluctuations and shipping costs. Trade agreements can help to motivate SMEs, but government also needs to provide guidance on mitigating risks. SMEs are not always familiar with trade facilitation mechanisms and support services like Export Development Canada and the Canadian Trade Commissioner Service.
- **Eugene Beaulieu:** Not only for SMEs, but opportunities arising from CETA have not been fully realised for Canadian businesses in general. It is difficult to get out of the North American mindset. Diversification means more than diversifying partners, but also diversifying who is doing the trading. Diversification means including those who have been left out.

#### *Canada's Role in WTO Reform*

- **John Weekes:** Regarding discussions on WTO reform, US and China will need to be there at the conclusion, but middle economies like Canada can also play a role. Strategic US-China tensions are not going to dissipate quickly, and the eventual resolution is likely to be found with the WTO. US business communities and some politicians have already realised that moving away from a proactive trade policy contravenes their interests.
- **Claire Citeau:** For agriculture and agri-food exporters, there is a need to revitalise stalled WTO talks, an important forum for addressing export subsidies and dispute settlement.
- **Eugene Beaulieu:** The WTO remains an important forum, particularly over longer time horizons. There is a need to get China on board to change their behaviour.

#### *Opportunities Beyond Agreements with G7 Countries*

- **Claire Citeau:** The next opportunities are in Asia. CPTPP is creating some inroads in fast-growing economies, and exporters are watching Asia.



- **Eugene Beaulieu:** With Asia, the experience with Australian exports to South Korea shows that the first-mover advantage matters.
- **John Weekes:** Enlarging CPTPP is strategic for improving Canada's trade relations with China. It creates an alternate rules-based system to which US will eventually return and encourage China to join as well.
- **Corinne Pohlmann:** SMEs do not know what to expect when dealing with China. SMEs tend to be generally supportive of trade agreements, but they hold some reservations regarding China.
- **Claire Citeau:** Regarding MERCOSUR, Canadian agricultural and agri-food industries would welcome a more level playing field, but opportunities are just not there for agriculture and agri-food businesses.
- **Corinne Pohlmann:** Opportunities are not there for SMEs either.
- **Eugene Beaulieu:** Any potential opportunities would be far off in the future. Expanding the existing CPTPP platform to ASEAN economies, working with countries that are willing, would bring more benefits.

### **Panel 3: The China Challenge**

**Eric Miller (President, Rideau Potomac Strategy Group; Fellow, CGAI), Brian Kingston (Vice President, Business Council of Canada; Fellow, CGAI) and Mark Agnew (Senior Director, Canadian Chamber of Commerce) moderated by Deanna Horton (Fellow, Munk School of Global Affairs)**

- **Eric Miller:** The US will remain important to Canada's prosperity in the short term and may remain most important given the geographic determinants of trade.
- **Brian Kingston and Mark Agnew:** Despite this, China will become increasingly important due to its projected economic size and demand for resources, which are top Canadian exports. Opportunities for trade in services may grow as well since China has removed more services from its negative list.
- **Brian Kingston:** Canada cannot realize reciprocity in its trading relationship with China by working alone.
- **Eric Miller:** Aside from working with the US, allies and multilateral institutions, determining a strategy for the Canada-China relationship can support efforts to receive reciprocity.



- **Mark Agnew:** The US-China dispute, especially its impacts on customs, negatively impacts Canadian companies.
- **Eric Miller:** Canada and the US have similar interests with regards to China, such as on intellectual property rights, thereby offering opportunities for collaboration. However, the 5G debate may put Canada in a position of choosing between China and the US.
- **Brian Kingston:** In response to the extradition case of Huawei's Chief Financial Officer Meng Wanzhou, Canada should continue emphasizing that the extradition process will proceed without political interference.
- **Eric Miller:** The Belt and Road Initiative offers few commercial benefits for Canada as China tightly controls participation. Rather than participating in the Belt and Road Initiative, Canada can emulate Japan and South Korea in building its own supply chain. Such effort will require extensive resources.
- **Mark Agnew:** Challenges ahead of a prospective Canada-China free trade agreement include the negative impacts of Chinese arbitrary detentions on the bilateral relationship, adapting the Progressive Trade Agenda for the Chinese context, and positioning Canada between the US and China.
- **Eric Miller:** Cooperation in particular sectors are an alternative approach to a trade agreement that still offers trade value (e.g. providing Canadian expertise in wood building construction to support Chinese efforts to curb carbon emissions).

## **Keynote Address: What's Next for the USMCA: H.E. David MacNaughton, Ambassador of Canada to the U.S.**

- The Canada-US relationship is complex but constructive. There are many relationships and frequent meetings between Canadian and American officials. Canada strives to develop relationships with Congress members given the challenges associated with the US' separate legislative and executive branches, as well as with state governors where Canada is an important trading partner.
- The steel and aluminium tariffs are unnecessarily punishing Canada. Similarly, any tariff or quota imposed on Canadian uranium from the Section 232 investigation will work against its intended purpose by increasing market share of countries that pose greater security risks than Canada.





- Canada will not have to renegotiate with Congress on the CUSMA. The larger question is when Congress will ratify the agreement, as Congress addresses other competing priorities. Hopefully, Congress will pass the agreement by summer 2019.
- The Canada-US security relationship remains strong and intact and did so amidst NAFTA renegotiations. Canada believes that trade-related matters may impact the security relationship though, and conversely resolving trade issues may strengthen the security relationship.

## **G20 Overview: On from Buenos Aires: Jonathan Fried (G20 Sherpa)**

- *What's G20?* – caucus for collective action; founded in 1999, expanded since the global financial crisis in 2008
- Buenos Aires and the Argentine presidency (2018) was portrayed in the media as “nothing happened” but there were very concrete outcomes:
  - Shared commitment to invest in workers and their embracement of digital economy
  - Women, education and access to entrepreneurship
- *2019 G20 Osaka Summit* (end of June) will focus on:
  - tech innovations
  - how do we deal with aging societies providing productive opportunities
  - financial aspects of social security
  - climate change and global commitments
- *How do we connect G20 to trade?*
  - Para. 27 of the Buenos Aires communique (printout distributed): this is a consensus that trade is good, G20 provides a forum for honest conversation; and the US has moved from “under certain conditions” to signs of openness; there is universal recognition (incl. China, US and South Africa) that countries recognize the multilateral existence (multilateralism matters), which is also a good sign provided the current trade context; recognition that the rules and responses aren't fit for today's challenges but NOW the US and China, India and South Africa, Canada and the other middle powers all agree that “no, it's time for a new agenda”, it is time for updating the WTO rules. The agenda Canada suggests is threefold:
    - 1 pillar: the dispute settlement system as a central pillar of the WTO
    - 2 pillar: reinvigoration of the negotiating function of the WTO
    - 3 pillar: strengthening the monitoring and transparency of members' trade policies



#### **Panel 4: Unfinished Business: Breaking Down Barriers within Canada**

**Hon. Jean Charest (Partner, McCarthy Tetrault; Advisory Council, CGAI) and Don Leitch (President, Business Council of Manitoba) moderated by Colin Robertson (Vice President, CGAI)**

- **Hon. Jean Charest:** Canada as a federation was built on trade agreements. Interprovincial regulations are a big issue. Federal-provincial dynamics in terms of trade and who dominates?

*The way Canada's Constitution is designed – it comes down to the Premiers of the provinces – what's the problem with that?*

- **Hon. Jean Charest:** There's a lack of urgency and entrenched interests. While negotiating the CETA agreement with the EU, they insisted the provinces to be at the table. Provinces need to be part of the agreements – we want them at the table, we want them committed. What the federal government can do: 1) convene and 2) incentivise parties to move in the right directions

*Do you see a champion among the Premiers?*

- **Hon. Jean Charest:** Legault – he wants to sell now energy to the rest of the country. We have to act together, to reframe the discussion so that we can help us put the pipeline debate within a bigger bargain. We need a “Confederation part 2”

*How to overcome resistance and protectionism?*

- **Don Leitch:** We need two or three champions (Premiers) to pick it up and run with it. We need better alignment of interests and more actions. The federal government has also section 121 (Supreme Court) – another tool it can use – which is “pretty heavy artillery.” The PM can pick up the phone and move certain initiatives in the right direction. One can also do equivalency agreements. Seizing the opportunity is part of the efforts.

#### **Panel 5: On from the USMCA: Managing North America**

**Meredith Lilly (Simon Reisman Chair in International Affairs, Carleton University), Adriana Vega (Senior Manager, Scotiabank) and Matthew Poirier (Director, Canadian Manufacturers & Exporters) moderated by Sarah Goldfeder (Principal, Earnscliffe; Fellow, CGAI)**



*Managing North America – we all acknowledge it is not only about the US, Canada, and Mexico but about global supply chains. How is this new agreement going to affect the status of North America?*

- **Adriana Vega:** The turbulence over the last years has led us to focusing on these three countries mainly because of the US-Mexico disputes. But there are also other layers - the Canada-Mexico relationship has a lot of potential, we're better together than not, where the US is not necessarily part of the agenda. For example, with regard to the WTO reform, Canada and Mexico can engage strategically regarding Asia, it is important to see thesetwo2 as collaborators, not adversaries.
- **Meredith Lilly:** For the most part it is Canada-US and then US-Mexico. Canada needs to do more for Canada-Mexico. We should be working harder on building those relations.
- **Matthew Poirier:** Let's look at global challenges together but how do we get back to normal (being 2015).

*Looking at the future, how the trade diversification can happen even within North America?*

- **Adriana Vega:** In Canada 75% of trade goes to the US, with Mexico that is even higher. When NAFTA became under threat – individual businesses realized we need to talk to Japan, think of CPTPP etc.
- **Meredith Lilly:** Our procurement has entirely new set of rules now but how do we behave as a bloc within North America – I don't see us working as an actual regional bloc.
- **Matthew Poirier:** And the above is unfortunate – we should be adding more to the North American pie, but I don't think the US will go away from being Canada's main partner any time soon. We don't really trade with US and Mexico, we build together.

*Is the USMCA pushing Canada's interprovincial trading in a new way?*

- **Meredith Lilly:** It will guarantee us access to the US, but it will mean cars will be more expensive; we must realize there are things not good for us.
- **Adriana Vega:** Let's remember USMCA is a political deal, there are positive things like the digital trade piece.



*There are more challenges to come with the USMCA – what comes next?*

- **Meredith Lilly:** The steel-aluminium tariff lift should be packaged into the ratification process.
- **Matthew Poirier:** Comparing the status quo last summer with where we are today, it looks good.

*What does the Mexican timeline look like?*

- **Adriana Vega:** We entered political climate which is very different compared to last year. The labour component is a different set of issues that need to pass through both chambers in the (Mexican) Congress, and it is a lot more complicated than the USMCA itself.

*Without the new agreement, the old one works fine for all the parties – who should ratify the deal first?*

- **Adriana Vega:** Should be the US, I don't see Mexico doing this first.
- **Meredith Lilly:** The US first. However, there is an argument about Canada doing it first – that's because of the election – we don't want to be the country that hasn't done it. If we hope NAFTA stays in effect, that's dangerous and will have an immediate negative impact on the Canadian economy.
- **Matthew Poirier:** Why would you like to stick your nose there first? Why not wait for the US. From the business perspective, the sooner the better, but I don't see Canada taking the lead on that.

*What is the disadvantage?*

- **Meredith Lilly:** With the previous government, we've been through this – the “losers” are there, the election can't do additional damage, so why don't we do it now.
- **Adriana Vega:** On the Mexican side, it is the opposite. These are very much domestic issues, so they would rather wait.

*Does the USMCA make North American trade more global?*

- **Matthew Poirier:** It updates the NAFTA agreement, signals “We are here for business”, and reflects new realities.
- **Meredith Lilly:** I think it weighs us more to the US in a way. Canada has to pay more attention to all of the inputs in Canada, if we want to continue to export in the US. It will always be our first partner but if there is constant uncertainty around how global supply will be treated, we'll have to give up some of the other partners.



- **Adriana Vega:** I don't think it will make such a difference.

## **Panel 6: Getting Goods to Market: What we still need to do**

**Ian McLeod (Vice President, Canadian Commercial Corporation), John Masswohl (Director, Canadian Cattlemen's Association) and Jim Quick (President, AIAC) moderated by Laura Dawson (Director, Wilson Center; Advisory Council, CGAI)**

- **John Masswohl:** Canadian companies are succeeding in international trade endeavours due to a variety of reasons. These include how companies provide a quality product, pursue diversification systematically, and lead world supply in areas of Canadian expertise. Companies may require further support to realize growth, become leaders, and adapt to the global environment.
- **Ian McLeod:** Government can support businesses in many ways. Firstly, the government can facilitate the certainty and stability by establishing regulations and trade agreements that allow companies to move to new markets and ensuring that its policies are consistent with allies. Secondly, the government can support companies' access to new markets by increasing awareness about the support available through various trade facilitation agencies.
- **Jim Quick:** A Canadian industrial strategy can also support consistency and transparency.
- **Ian McLeod:** Though skills training support companies' success in international trade, industries are not acquiring the labour and developing skills training required for the long term. Federal and provincial government support in terms of prioritizing skills training and improving labour supply.
- **Jim Quick:** Industry agreement on a skills training agenda will also support these efforts.
- **John Masswohl:** Canadian companies' innovation and willingness to diversify, alongside strong demand for Canadian products are reasons to remain optimistic about Canadian business.

## **Armchair Discussion with Omar Alghabra, Parliamentary Secretary to the Minister of International Trade Diversification**

- The Prime Minister has focused on trade diversification and expanding market access.



- In order to be serious about diversification, China cannot be ignored. Canada's objective to deepen and expand trade with China remains important despite recent tensions.
- The 2018 Fall Economic Statement contains funds to strengthen and expand the Canadian Trade Commissioner Service, including in China and Japan.
- With CPTPP, Canadian businesses currently have greater preferential access to Japanese markets than US businesses. Canadian businesses should feel encouraged to utilise their first-mover advantage to explore new opportunities in Japanese markets.
- Government-led trade promotion delegations are important and will increasingly be a focus.
- The Government's Export Diversification Strategy, with a target to increase Canada's exports to non-US markets by 50% by 2025, will develop the tools needed to reach the target. To this end, the Government has committed an investment of \$773.9 million in infrastructure to support trade, focusing on ports of entry to ensure that Canadian infrastructure is not the bottleneck.
- Ensuring infrastructure projects meet regulatory requirements will require stakeholder consultation to determine how to address issues, including climate change and indigenous reconciliation.
- Africa has untapped potential for Canadian businesses—not only in mining and resources, but also in technology industries like fintech and cleantech. Africa is not a monolith and challenges vary by region, but there are opportunities for Canadian businesses, including private-public partnerships through mechanisms like FinDev Canada.
- Regarding Saudi Arabia, serious questions remain regarding defence contracts and sales. Investigations have not produced evidence of usage in Yemen, but serious questions remain. Canada has raised transparency standards and will accede to the international Arms Trade Treaty to enhance accountability and close loopholes.

## Wrap-Up Armchair Discussion

**Hon. Andrew Leslie and Hon. Erin O'Toole moderated by Sarah Goldfeder (Principal, Earnscliffe; Fellow, CGAI)**

*The USMCA, where does it stand?*

- **Hon. Andrew Leslie:** NAFTA is still in effect. If the USMCA doesn't get through the US Congress, that's their issue, then NAFTA remains in place. USMCA gives us a continuous access and essentially, the trade is free, except some known issues like the softwood lumber dispute.



- **Hon. Erin O'Toole:** “Any port in a storm” (and we live in stormy times for trade) – we’ve tried to work collaboratively but didn’t use our time as effectively as we could. The wider concern I have is the tariff issue.

*There’s an argument that the 332 tariffs are here to stay. How would that affect the ratification?*

- **Hon. Andrew Leslie:** The 332 seen as a security threat is an absurd. Tariffs seem to be driven by the President but who’s paying – it is the customer, the US citizen. How does that hurt Canada? Do people understand that? Folks are realizing the tariffs are hurting the American manufacturing system. I don’t think they will stay. If they are a punishment, how do they hurt Canada, that’s unclear.
- **Hon. Erin O'Toole:** I had not seen concerted efforts from the Canadian side to negotiate/prevent tariffs. We have to look at how we respond to tariffs (retaliatory tariffs).

*Looking forward, in the remaining months of this Parliament, what happens on the timeline regarding the ratification? Does it matter what the US and Mexico do?*

- **Hon. Andrew Leslie:** It is going to be studied in committees but the newly established Democratic majority in the US may want changes. We can’t gallop across the finish line before that.

*If you ratify an agreement that doesn’t match the American one, what happens?*

- **Hon. Andrew Leslie:** We’re back to point one.

*With no movement from the US before June, what happens here?*

- **Hon. Andrew Leslie:** If it happens later than June 23, our job one is retaining market access.
- **Hon. Erin O'Toole:** We should not be rushing to move forward when we have a very different friend, with a different Congress. We should be engaging with our US friends, talking about security partnerships especially (NORAD), we have to push. We should wait to see will there be changes; take a “wait and sit” perspective.
- **Hon. Andrew Leslie:** The bottom line is the USMCA is important for us, but it’s up to the Americans to get their portion done.

*Looking forward into the next few years, regarding relationships with the US and Mexico, separately, what needs to happen?*

- **Hon. Andrew Leslie:** We have friction points now with certain individuals in the US, in Mexico as well. But the relationship with the US is strong and enduring.





- **Hon. Erin O'Toole:** The relationship with the US is important and very special, not only historically and in terms of homeland security but in terms of values. This is where Canadian leadership is needed more – rather than displaying our differences, we should have tried to influence the US President and to shift even in a small way our interest. That should be the focus.

*Canada is one of the best-connected countries in the world in terms of trade agreements (US doesn't have agreements like CETA or CPTPP) – how long this could last?*

- **Hon. Andrew Leslie:** We do have a remarkable competitive advantage – how do we energize businesses to invest more, to look at the Far East, Europe or elsewhere. Pivot, require, get it done – we need to make it less complicated in terms of regulations. How do we make the process faster – that's the question.
- **Hon. Erin O'Toole:** 98% of the agreements have been negotiated by Conservatives but one of the things as part of Harper's government was "economic diplomacy" – we can leverage our trade alongside developing markets. Bringing together diplomacy, trade, and development – using trade alongside other expertise helps bring down corruption, instability, migration. We should look at those areas.

*How to better explain to industry the value of free trade agreements?*

- **Hon. Andrew Leslie:** You got values, interests, establishment – we can use Indian decent to turn it into Indian market – but the initial penetration is risky, we have more to do.
- **Hon. Erin O'Toole:** A lot of people don't see themselves reflected in the benefits of trade but now people (GM) see how they're reflected; a lot of young Indigenous Canadians would like to see more. We have to show Canadians 1 in every 5 jobs depend on export, so that we can keep expanding.

*Does industry share a portion of this disconnection with people? Is there an opportunity to partner with the Government on that?*

- **Hon. Andrew Leslie:** Establishing international markets is risky and industry needs insurance from the Government we're acting as a team and we're willing to spend money on that. And we have a competitive advantage over our biggest trading partners.
- **Hon. Erin O'Toole:** I agree, there are opportunities for SMEs, among others. But we need to have better conversations with CEOs, to talk about how many jobs are directly related to foreign markets. The more we let the industries know about the advantages of international trade, this is something we know we can benefit from.

*If you were a business owner, where would you go?*





- **Hon. Andrew Leslie:** Japan
- **Hon. Erin O'Toole:** Vietnam – the opportunity there is remarkable

## ► **Canadian Global Affairs Institute**

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