

Canada's Trade Interests Need More Business Engagement

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The three-country review of the United States-Mexico-Canada Agreement (USMCA) starts in 2026. Whoever's in the White House – whether it's Joe Biden or Donald Trump – there could be a renegotiation of large parts of the agreement with the Americans in the driver's seat.

In preparation, raising Canada's profile among key U.S. constituencies, reinforcing Canada's importance and reliability as a trading partner, underscoring the win-win situation under USMCA, is the right strategy.

There have been some good things done already, such as the recent Team Canada parade, aimed at showing American decision-makers the value of our close political and commercial relations. The flurry included visits by the Prime Minister, International Trade Minister Mary Ng and Innovation Minister François-Philippe Champagne, supported by teams at Global Affairs and the Canadian embassy in Washington and in consulates throughout the United States.

Even with this whirlwind, more needs to be done to get private-sector engagement, enlisting our business leaders in reinforcing the Team Canada messaging with their American counterparts in advance of the USMCA review. This has to be a full-court press, an all-Canada team effort vis-à-vis the U.S.

This requires political leadership – meaning the Prime Minister, the Deputy Prime Minister, the Trade Minister and a range of senior cabinet members and provincial premiers – forging a cohesive team with Canadian business leaders in a sustained campaign to reinforce the importance of USMCA continuing beyond 2036 with their American counterparts.

We can look back to the Mulroney government's strategy in negotiating the original Canada-U.S. free-trade agreement (FTA) back in the 1980s. They created what were called international trade advisory committees (ITACs) composed of top business executives in key economic sectors. Not only did this allow ideas to be fed to the

government negotiating team, it provided the base for Canadian businesses to lobby and cajole their American counterparts about the value of a rules-based trading system. This same strategy was used in the North American free-trade agreement (NAFTA) negotiations in the 1990s. And a variant of it – much less structured -- was used in the NAFTA renegotiations in 2017-2018 with the Trump administration that resulted in the USMCA.

After USMCA was signed off, what seems to have happened is a kind of somnambulism, a typical syndrome after trade deals are struck, with the private sector tending to think that everything is good, that tensions during the negotiations are over and that transborder trade will go on as before. There's an unfortunate tendency in Canada for business and government to go their own way.

Contrast this with government-to-business ties in the U.S., which are wide in coverage, well organized, consistent and ongoing. The White House draws on all kinds of advisory councils. There are almost 39 well-structured ITACs in the office of the United States Trade Representative (USTR). The European Union offers another example, where every trade deal has a permanent domestic advisory group that includes business stakeholders to advise on an ongoing basis.

Canada has nothing like this, no permanent or semi-permanent trade advisory bodies for business input on trade agreements and negotiations. None are identified in the Canadian government's website, in Global Affairs' annual state of trade report or in its latest departmental plan. This is an omission, especially since the Department of Foreign Affairs Act specifically allows the federal cabinet to establish committees to advise or assist the minister on international trade matters.

To their credit, the trade minister and the deputy minister consult on an ad hoc basis with groups such as the Business Council of Canada, the Canadian Chamber of Commerce and industry associations such as those in the auto sector. However, more needs to be done, especially with the USMCA review looming and the spectre of Donald Trump back in office.

But it really doesn't matter who might be in office or the political complexion of the U.S. government post 2025. It's inconceivable that the Canadian trade minister, and the government at large, should be going onto the USMCA review process without serious, well-organized business input and engagement.

This means immediate action in the creation of private-sector advisory groups, with mandates not only to advise the government but to act as emissaries to work with the government in making Canada's business case south of the border in support of USMCA's continuation.
