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## **We have other trade deals. Let's make them work for us.**

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Donald Trump has thrown the Canada-U.S. relationship onto the garbage heap. His tariffs have destroyed much of what remains of the Canada-U.S.-Mexico Agreement (CUSMA), even before the re-negotiation kicks into play in a little over a year.

Canada's retaliation in kind will likely lead to a long, difficult and acrimonious trade war, with lots of economic and political downside on both sides of the border. Our own trade weaponry can't counter the full harm U.S. tariffs will inflict but both countries are going to experience pain.

Yet, as negative as things seem, we have other things going for us on the trade front.

For starters, even if belittled and insulted by Trump, Canada's is one of the world's consequential economies. We know we've got challenges in improving productivity but, though international comparisons are tricky, Canada's per capita GDP ranks ahead of the U.K., France and Italy and isn't that far behind Germany. These are hard facts that position Canada as a major global player, whatever Trump says.

But another often overlooked battlefield factor in Canada's favour are its trade and economic connections outside the American sphere. We have wide-ranging trade agreements with two of the most powerful economic groupings on the planet: the Asia Pacific region and the European Union. The Trans-Pacific Partnership Agreement (CPTPP), which we belong to, and the Canada-EU trade agreement (CETA) are hugely important deals. They reduce tariffs and allow free — or close to free — market access that will help replace, at least in part, the shattered Canada-U.S. link.

But, if properly managed, the deals involve more that works to Canada's advantage than just reducing barriers to trade in goods and services. Though centred on trade and international business, both the CPTPP and CETA's broader political dimensions can act as counterweights to America's descent into protectionism and populist fervour.

The CPTPP embraces an geographic swath: Canada plus Australia, Brunei Darussalam, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam, a combined GDP of US\$11 trillion. Although it lacks a permanent institutional decision-making authority like the EU Commission, the CPTPP does have a free trade commission. Made up of trade ministers, its ambitious mandate includes overall supervision and "progressive" stewardship of the agreement. It last met in November, when it endorsed U.K. accession, an important development, as well as continuation of the wide-ranging work of CPTPP's committees and sub-bodies. These mechanisms provide a foundation for expansion into other areas of economic, industrial and political cooperation.

For its part, the Canada-EU Trade Agreement (CETA) brings Canada into a treaty relationship with 27 countries whose combined annual GDP is over US\$20 trillion.

Though so far only in force provisionally (for reasons related to internal EU governance), CETA also has a ministerial-level joint committee. Canada and the EU only meet once a year at summits, but Trump's likely assault on Europe suggests there's strength to be gained in using CETA and its institutions as economic and political counterweights.

None of this can replace Canada's reduced access to the American market. But the CPTPP and CETA provide institutional tools for moving to a higher level of collaboration with serious partners across the two oceans.

Enhanced trans-Atlantic and trans-Pacific engagement will require the involvement and commitment of the Canadian business community. It's therefore critical for Ottawa to develop stronger ties to the private sector, something that's been missing in the last decade. Even in global politics, it's the private sector that's key to realizing the benefits of expanding the reach of these deals. This will require a strong and determined policy by the Canadian government.

The bottom line is that, given the full-blown crisis with the U.S., these two large trade agreements reaching east and west give Canada options. They are forums both for conducting business and for solidifying friendships and alliances. They do not replace the economic stability that good relations with the U.S. has offered, but they provide a solid legal and political framework that can be used to advantage.

Like other areas of Canada's foreign relations, trade will require the focussed effort and determined leadership of the next federal government.

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