

Intelligence MEMOS



From: Lawrence Herman
To: Provincial Ministers of Energy
Date: July 5, 2024
Re: **IT'S TIME FOR TEAM CANADA TO BRING BUSINESS ON BOARD**

The three-country review of the Canada-US-Mexico Agreement (CUSMA) 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 US constituencies, reinforcing Canada's importance and reliability as a trading partner, and underscoring the win-win situation under free trade, is the right strategy.

There have been some good things done already, such as the recent Team Canada parade, aimed at showing US decision-makers the value of our close political and commercial relations. The flurry included visits by the Prime Minister, officials of his office, 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 US.

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

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 CUSMA continuing beyond 2036 with their US counterparts.

We can look back to the Mulroney government's strategy in negotiating the original Canada-US free-trade agreement (FTA) in the 1980s. It 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 US counterparts about the value of a rules-based trading system. This same strategy was used in the NAFTA negotiations in the 1990s. And a variant of it – much less structured – was used in the NAFTA renegotiations in 2017-18 with the Trump administration that resulted in CUSMA.

After that 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 trans-border 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 US, which are wide in coverage, well organized, consistent and continuing. The White House draws on all kinds of advisory councils. There are about 40 well-structured ITACs in the office of the United States Trade Representative (USTR). The EU offers another example, where every trade deal has a permanent domestic advisory group that includes business stakeholders to advise on a continuing 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 on 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 CUSMA review looming and the spectre of Donald Trump back in office.

But it really doesn't matter who might be in office, or what the political complexion of the US government is post-2025. It's inconceivable that the Canadian trade minister, and the government at large, should be going into the 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 CUSMA's continuation.

Lawrence Herman, a former Canadian diplomat, is Counsel at Herman & Associates and a Senior Fellow of the C.D. Howe Institute in Toronto.

To send a comment or leave feedback, email us at blog@cdhowe.org.

The views expressed here are those of the author. The C.D. Howe Institute does not take corporate positions on policy matters.

A version of this memo first [appeared](#) in The Globe and Mail.