

Trudeau backs down to U.S. with new trade agreement

BY DAVID TILSON

Almost two years have passed since Prime Minister Justin Trudeau said he was "more than happy" to renegotiate NAFTA with then incoming President Donald Trump, to strengthen and improve the agreement. On September 30th, Canada and the United States finally reached a new, modernized agreement, together with Mexico, the United-States-Mexico-Canada Agreement (USMCA). In the weeks leading up to the deadline for a new agreement, the Prime Minister and his Liberal government insisted that no deal would be better than a bad deal. However, the agreement he recently signed is actually worse for Canadians than NAFTA by almost every measure.

On August 27, 2018, the United States and Mexico finished negotiating a bilateral deal. The Honourable Chrystia Freeland, Minister of Foreign Affairs, went to Washington, D.C. on September 11, 2018 to continue the negotiations. Then, on September 30, 2018, confronting a hard deadline, the current Liberal government agreed to a revised NAFTA. This deal will now be subject to ratification by the United States, Mexico, and Canada.

We, the Conservative Official Opposition, like all Canadians, are hopeful that the new USMCA will be a good deal for the Canadian economy. However, although it is still early, we're already alarmed by a number of concessions Prime Minister Trudeau has made, despite his claims of wanting to negotiate a better NAFTA deal with President Trump. Firstly, he has signed an agreement without assurances that current destructive tariffs on steel, aluminum, and softwood lumber will be lifted. U.S. Commerce Secretary Wilbur Ross has already said there is "no timeline" for when the tariffs on steel and aluminum might be lifted. President Trump is musing that quotas may replace his tariffs.

On automotives, Canadian exports for both autos and auto parts are now capped by a provision that didn't exist before and one that could pose major problems for manufacturers years down the road. This is essentially giving President Trump what he wanted: limits on how many cars Canada can export to the United States.

On supply management, Prime Minister Trudeau has made unprecedented concessions to President Trump that will cause fear and anxiety in our dairy industry and will pose a threat to rural communities. He's also giving the President exactly what he wanted: more market share for American exporters and less business for Canadians.

Prime Minister Trudeau also backed down on pharmaceuticals (with patent terms increased to 10 years from eight), giving President Trump exactly what he wanted: higher prices and bigger profits for American drug companies.

Other valid and serious concerns have been raised since the signing of the USMCA with respect to Canada's sovereignty potentially being diminished through: 1) the establishment of a macroeconomic committee that includes representation by all three countries to scrutinize exchange rate policy, thus threatening the Bank of Canada's autonomy; 2) the clause that prohibits USMCA members from starting trade negotiations with countries considered non-market economies by any other member, meaning this section of the agreement may give the U.S. veto power over trade with China; and 3) the U.S. can choose to impose tariffs on Canadian auto exports above a cap of 2.6 million units (currently Canada exports 1.8 million units), leaving potential investors disinterested in establishing new car plants in Canada, knowing full well they would be subject to crippling tariffs if that cap is reached.

The Prime Minister and his Liberal government are also claiming wins on matters, such as cultural exemptions and dispute resolutions. While such provisions are important, they are provisions Canada already had in place prior to the Prime Minister's offer to renegotiate.

For all of the concessions made to President Trump, Prime Minister Trudeau was unable to win any from him in return. Even if USMCA is better than no deal at all, that doesn't mean it's a good deal for Canada. The United States is measuring this deal by what they gained. The Prime Minister is measuring it by what he didn't give up. This agreement should be judged on whether or not it is better than NAFTA. So far, the answer to the question appears to be no.

We, the Conservative Official Opposition, will hold Prime Minister Justin Trudeau to account for every single line of this agreement, including the many concessions he made to President Trump, and his failure to win any back for Canadians.