



# **A Canada-First Response to Donald Trump**

## **Statement by Members of the Expert Group on Canada-US Relations**

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### About the Authors

*Co-chairs of the Expert Group on Canada-US Relations*

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broad experience in government, having served as a member of the Legislative Assembly in the Province of Alberta from 1993 to 2007, and he has held several senior cabinet portfolios.

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**The views expressed in this Statement belong solely to the authors and do not represent the views or positions of the organizations of which they are members.**

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**Our country faces the most serious threat to its sovereignty and economic prosperity since the Second World War.** Since Confederation, Canada-US relations have been based on partnership and mutual respect, anchored in the belief that both countries benefit by working together.

**The incoming President is clear about his disdain for our country** and has threatened to impose a 25% tariff on Canadian imports unless we satisfy his demands.

**Donald Trump has signalled that he will use trade as a weapon in any dispute with Canada.** We are already seeing the effects of his threats on the Canadian dollar and investment.

**Trade wars are not unlike nuclear conflicts in one key aspect: everyone loses.** The Smoot-Hawley Act (1930) and the earlier Fordney-McCumber Act (1922) together imposed the most punitive protectionist tariffs ever passed by the United States. They significantly damaged Canada's economy and deepened and lengthened the Great Depression. Both the US and global economies spiralled downward. This is why governments have worked so hard to reduce trade barriers to promote growth and prosperity.

**The incoming President has said that his policy is "America First." Our response should be to support and strengthen Canada's sovereignty and economic security,** working in the very short time between now and his inauguration on January 20 to head off policies and initiatives that will damage both countries. However, we must also be ready to respond rapidly and effectively to any action threatening Canada's vital interests.

Of course, we should address US concerns about Canada in areas like defence and the border and act wherever it's in Canada's interests. **We welcome the government's recent announcements on border security. However, we are convinced that more can be done, especially in managing the shared crises of unauthorized migration and narcotics and gun trafficking, while ensuring efficient movement of legitimate travel and trade.** Additionally, we firmly believe it is in Canada's interests to rapidly accelerate defence spending to meet and surpass NATO's 2% of GDP target and, importantly, strengthen Canada's defence industrial base.

**We also urgently need to build Canada's capacity to become an energy and natural resource export powerhouse, including in critical minerals.** This will require major regulatory changes to make infrastructure and resource projects easier to develop and to reduce restrictions on oil and gas production. The

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federal and provincial governments must fast-track key projects and not subject them to endless environmental impact assessment reviews and regulatory hurdles.

**Our premiers should also use this moment to dismantle interprovincial trade barriers and work with the federal government to take actions that will improve Canadian productivity.**

**We should not respond to every provocation. Reacting indignantly to each Tweet and taunt simply invites more of them.** Similarly, we should avoid comments and actions that will only make matters worse. Just as we expect Americans to respect our sovereignty, we should respect their right to make their own decisions and avoid unnecessary friction.

Even as we work to prevent actions that will damage both countries, **Canada's federal and provincial governments need to collaborate intensively with each other and with business and labour on addressing US concerns and developing contingency plans to limit the damage to the Canadian economy if Trump acts on his tariff threat**—plans that can be quickly and effectively implemented.

**The incoming President senses weakness and exploits it. His approach is transactional and zero-sum.** He believes there are only winners and losers in this world. Accordingly, Canada cannot simply yield to his every whim and demand. Instead, we should have our own clear agenda, including pressing the new administration to act in areas that are important to our country, including curbing the flow of drugs and guns from the US into Canada.

American politicians base their decisions on their voters' best interests, not ours. **We must persuade American business leaders and consumer groups to lead the debate in the US on why tariffs against Canadian goods and services will hurt Americans where it counts—the pocketbook.** We require a sustained, well-organised, well-resourced outreach campaign where governments at all levels, along with business, labour and others, explain to their counterparts throughout the United States why our two countries should be partners, not combatants.

**Canada needs to take the initiative and generate bold ideas that will benefit both countries' economic security and prosperity.** While the time may not yet be right for a bold proposal to deepen the North American partnership, Canada should be working now to develop the framework for such an initiative. **Canada also must seize this moment to move forward with an ambitious agenda to**

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**strengthen our economic fundamentals.** Our future as an independent and prosperous nation depends on it.

**Time is short, and the stakes have never been higher.** In less than three weeks, the United States will have a new President who has signalled his willingness to do severe damage to our country. Our response must be a strategy to put Canada's interests first.