

# Point: The CUSMA Will Benefit Canadian Trade

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## Thesis

CUSMA will benefit Canada in the long run, in part because of the government's actions in protecting the interests of Canadians during the negotiation process.

## Talking Points

- CUSMA ensures that Canada will have continued free trade with the United States, a valued relationship that was jeopardized by the US threats of withdrawal from NAFTA.
- The Canadian government showed strength in protecting key aspects of the bill during negotiations.
- CUSMA strengthens sections of the Canadian economy, such as agriculture and automotive manufacturing, but it will be essential for the three countries to work together to bring those outcomes to fruition.

## Summary

Supporters of CUSMA praise it for restoring free trade with the United States, the country's largest trading partner. The economies of the US and Canada are deeply intertwined; in 2020, trade in goods and services between the two countries totalled more than US\$614 billion, and the United States accounted for about 75 per cent of Canada's exports. For this reason, supporters argue, tariffs on trade between the US and Canada would be detrimental to Canada's economy. "From a Canadian business perspective, restoring a more certain trade environment in North America is at the top of any wish list for 2019", John M. Weekes, who was Canada's chief negotiator on NAFTA, wrote, calling the tariffs imposed by the US on steel and aluminum "an attack on the integrity of the international trade rules."

While the US pushed for some concessions that could be harmful to Canadian business, supporters feel that the government of Prime Minister Justin Trudeau was largely successful in keeping these out of the final version of the agreement. Trudeau particularly pushed to keep chapter 19, NAFTA's provision for dispute resolution, in the new agreement. "We need to keep the Chapter 19 dispute resolution because that ensures that the rules are actually followed and we know we have a president who doesn't always follow the rules as they're laid out", Trudeau said in a CHED interview, cited by *CBC News*, in reference to US president Donald Trump. "We're not going to accept that we have to sign a bad deal just because the president wants that. We'll walk away and not sign a deal rather than sign a bad deal for Canadians." While the final agreement allowing the US to enter the Canadian dairy market has been controversial, some supporters

argue that since supply management has been mostly maintained, there will be little change to the industry. "The new deal does little more than preserve what we already had in place, while giving us some room to build out around the edges", Mark Warner, a lawyer specializing in international trade, wrote for Export Development Canada.

Supporters argue that despite the dairy concessions, Canadian industry has benefitted from the agreement since it was implemented in 2020 and will likely continue to experience positive economic growth as long as cooperation continues. The agriculture industry, for instance, gained additional market access for crops such as sugar and peanuts. The agreement also provides for the creation of a new Committee on Agricultural Trade. The automotive industry has also benefitted from the new agreement, which included "insurance" for Canada that any protectionist tariffs on automobiles that the US might institute would not apply to Canada. Supporters also pointed to CUSMA's inclusion of digital trade provisions, which were not previously part of NAFTA.

In order for the agreement to be truly effective, however, observers have noted that it is essential for the three countries to continue to work together to implement the new deal. Joshua P. Meltzer, a senior fellow at the Brookings Institution, highlighted the importance of this point, stating that CUSMA "will require the three countries to see each other as true partners with a common cause." Furthermore, he argued, "It would also be vital to develop a new narrative for the agreement that articulates both the economic and political importance of the USMCA for US, Mexico, and Canada relations." Trade officials agree with this point, as was revealed during comprehensive meetings to take stock of the trade deal's implementation that were held in May 2021, one year after CUSMA entered into force. In a joint statement, trade ministers of each country praised CUSMA for promoting the global competitiveness of the North American economy. US trade minister Katherine Tai, as quoted by *Reuters*, further noted that "for this agreement to be durable, it must serve the needs of everyday people—not just in the United States, but in Mexico and Canada as well. That will only happen if we deliver on our promises."

Trade between the US and Canada exceeded C\$1.3trillion, and over C\$3.6billion in goods/services crossed the border each day in 2023, according to the Canadian government. Canada remained the number one export market for the US. Additionally, with rising geopolitical risk in the 2020s, Canada leveraged CUSMA to attract investments like the Critical Minerals Strategy. The CUSMA has helped Canada remain resilient and attractive for foreign direct investment.

## Ponder This

- The author has presented the fundamental positions for this perspective in the debate. Outline the strengths and weaknesses of each perspective.
- If asked to begin forming an argument for this position, what sources would you need to build your case? What fundamental information do you need? What opinion leaders in this debate would you look to in solidifying your argument?
- What are the weakest aspects of the position outlined by the author? How might those weaker arguments help you prepare a counterargument?
- What additional Talking Points could you add to support this position?

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