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Shedding light, not heat, on tariff and trade issues affecting Canada and Canadians

In a world where tariffs make headlines and trade policies shift overnight, understanding what it all means requires more than breaking news – it requires trusted insight. The Tariff Home Companion brings clarity to the conversations that matter most, delivering expert analysis on the trade issues reshaping how we do business across borders.

Hosts Rambod Behboodi and Stephen de Boer bring decades of experience to guide listeners through the policies, personalities, and practical implications driving today's trade landscape. Rambod is senior counsel at BLG. Stephen is a former Canadian ambassador to the WTO and recently retired as foreign and defence policy adviser to the Prime Minister. Together, they explain what trade policies actually mean and why they matter.

Each episode tackles terms you've heard but may not understand. What is supply management? How do retaliatory tariffs work? Why do steel and aluminum disputes keep coming back? The hosts break down these concepts, often joined by high-profile leaders from across industries who offer their own perspectives on how these policies play out in the real world. They focus on facts and practical implications for businesses navigating an uncertain trade environment.

Whether you're advising clients, making strategic decisions, or simply trying to make sense of trade headlines, The Tariff Home Companion offers the kind of informed perspective that only comes from years of experience on both sides of the negotiating table.

Listen to *The Tariff Home Companion*

Episode 1 is available below and more episodes will be launched in the weeks ahead.

Episode 1 – CUSMA is in the air

Transcript

Rambod Behboodi:

This is Rambod Behboodi, Senior Counsel at Borden Ladner Gervais in Ottawa. I'm here with, Stephen de Boer, former Canadian Ambassador to the World Trade Organization. And this is *The Tariff Home Companion*, a new podcast to shed light, not heat, on trade and tariff issues affecting Canada and Canadians.

CUSMA is in the air.

No, it's not an exotic bird.

The Canada-US-Mexico agreement or, the American version of it, the United States-Mexico-Canada Agreement, USMCA - is a treaty that governs trade between the three North American countries. It replaced the North American Free Trade Agreement or the NAFTA. CUSMA still is a free trade agreement, but one that dare not speak its name.

It entered into force in 2020 and it's coming up for review in 2026. The governments of Canada, the United States and Mexico have launched consultations on what needs to be improved. And then the discussions will begin in earnest between the three governments sometime in the New Year. What is it about? What brought us here? And where are we heading?

Stephen and I will give you a bit of background, and then we will be joined by one of, one of the giants of Canadian trade policy to figure out how it all hangs together.

First, the deep background. It's 1854 and the Canadian Confederation is, more than a decade away. The Civil War has not yet happened in the United States.

Queen Victoria is Canada's sovereign and, a propos of nothing, Prince Albert, her consort, is still alive. A world away, and yet there is something familiar about it. Canada's Governor General, the Lord Elgin known for the Lord Elgin Hotel - or is it the other way around? - and the US Secretary of State have just concluded a trade agreement.

It's known as the "Reciprocity Treaty" of 1854 – as in *reciprocal* removal of barriers by *both* parties following bilateral *negotiations*. Now, it's not very detailed. It's got only seven articles. But it is ambitious: it covers fisheries and the navigation of the St. Lawrence. And it provides for liberalized trade in a large number of products including: grains, meats, produce, livestock, dairy, metals of all kinds, timber and lumber.

The 1854 treaty would be relatively popular at the outset. In its first decade trade between the parties increased by 150%. The distribution of trade was particularly interesting: A US congressional committee found that, "To a remarkable extent", and I'm quoting, "To a remarkable extent, our present trade with the provinces is what might be characterized as a pure commerce of convenience."

That is, the neighbouring parts of each country traded with the other, rather than inside the country. Which when you look at the map makes sense. Until, of course it does not. And this is where politics intervened. There was the issue that the British government quietly supported the Confederacy when the Civil War did break out.

Generally, not good for trading relations. But also, commercial interests in the United States opposed that quote, "commerce of convenience". Trade is convenient until it hurts your bottom line, and then it is evil and nefarious and, naturally must be stopped. The US Congress eventually voted to abrogate the treaty.

Which in turn, strengthened the argument for a confederation of the British North American colonies to improve Canada's domestic market. And that's how we ended up with Charlottetown and 1867 and Sir John A. And all of that. History is funny that way. Once the treaty ended, and the Civil War ended too, the United States went on a remarkable tariff tear.

Starting in 1873 and lasting for a good three decades, the United States imposed tariffs of up to 60% on a variety of imports. Very disruptive to trade and diplomatic relations, but to be fair, very lucrative for both the US Treasury and the Robber Barons who owned and ran the US economy. At the same time, that *commerce of convenience* between Canada and the United States continued. By 1910, there had been some relaxation of US tariffs; as a result, there was substantial trade between Canada and the United States. Around 37.5% of Canadian exports and 60% of Canadian imports came from and went to the United States.

President Taft of the United States sought to balance the tariff relationship and proposed another reciprocity agreement. The proposed 1911 Reciprocity Agreement, negotiated by Wilfred Laurier and his government, would seek to reduce tariffs on agriculture, fishing, forestry, and mining products. To say the Agreement was received poorly would be an understatement.

Prominent businesspeople in Canada signed the manifesto that opposed reciprocity. Its main headline being that Canadian nationality was threatened with a more serious blow than ever. It even led to Conservatives and Liberal dissidents to, to join forces. Once Laurier called an election, Borden's campaign was clear. Attack reciprocity.

The Conservatives won by a landslide. Free trade would have to wait. For 77 years as it happened. Another election was fought over free trade with the United States. This time the roles were reversed. And this time free trade won. The United States Free Trade Agreement...

the Canada-United States Free Trade Agreement came into force in 1989.

It had, and achieved, two principal objectives. One, secure tariff-free access to Canada's largest export destination. And two, establish an effective framework for the settlement of disputes; this included an innovative, indeed unique, binational panel process in respect of anti-dumping and countervailing duties.

It proved to be one of the shortest-lived trade agreements ever. Not because it failed, but because it was too successful.

Stephen de Boer:

So that Canada-US agreement was quickly expanded. In 1994 the North American Free Trade Agreement came into force, what we refer to as the NAFTA. Originally, the US had conceived of a second bilateral trade agreement with Mexico to mirror the Canada-US Agreement, and this would've reduced Canada's preferential access to the US.

So Canada made the case for a trilateral agreement. In short, the Canadian government wanted to be part of the negotiations in order to eliminate any chance of substantial trade and investment in, and with, the US market being diverted. NAFTA created the world's largest free trade area. It was conceived as creating a North America economic space and a counterweight to the other large trading block, the European Union. Trade and investment relations seem to improve quickly. But political cooperation remained weak. The United States looked at this as an opportunity to shore up the power of the Mexican government, aiming to likely at least somewhat control the political economy south of the border.

The US was explicit in its aim to shore up the Mexican economy, to deincestivize Mexicans seeking economic opportunities in the US. The objectives of the agreement were essentially the same as the objectives laid out in the Canada-US Free Trade Agreement. Intellectual property protection and enforcement were an additional element.

Notably chapter 11 of NAFTA, which implemented an investor state dispute resolution mechanism. This would become a highly criticized inclusion. The chapter would end up being used numerous times to critique environmental protections that allegedly interfere with foreign investment. From 1995 to 2018, Canada paid out over \$219 million in damages in Chapter 11 cases.

Notably, the USMCA eliminated the investor state dispute settlement mechanism between Canada and the US, and Canada and Mexico. There was a three-year transition period. The US investors can no longer use investment arbitration and will instead have to resort to Canadian courts. The US and Mexico can continue to use investment arbitration, but only in exceptional circumstances, in the case of expropriation and non-discrimination. By strengthening the rules and procedures governing trade and investment throughout the continent, NAFTA was proven to be a solid foundation for building Canada's future prosperity. All good things, however, come to an end. By 2017, the new US President, Donald Trump, threatened to cancel the deal. His main message being that those who benefited from the agreement did so at the expense of the United States.

This really signaled the end of the vision of a free trade relationship creating one North American economic space. Trump sought to bring back more manufacturing jobs to the United States. So, resorting to his most used tool in the toolbox, he imposed tariffs on Canadian steel at 25%, and aluminum at 10%, in an effort to expedite negotiations.

Canada responded with tariffs of their own on roughly \$16.6 billion of steel, aluminum, and hundreds of other products including whiskey, maple syrup, and ketchup. Ultimately, these tariff measures were removed when Canada agreed to essentially meaningless quantitative restrictions. This agreement was subsequently floated when Trump imposed steel aluminum

tariffs on Canada this year.

A few months later, the United States and Mexico announced they reached a new free trade agreement. So, Canada could either be left behind or jump in. On September 30th, Canada agreed to join the United States-Mexico-Canada Agreement. It would go into effect in July of 2020. Notable in this new agreement was for a car or truck to be exempt from tariffs. 75% of its components were to have been manufactured in North America. That's up from the 62.5% in NAFTA. This is what we call the rules of origin. At least 30% of work on tariff exempt vehicles must have been done by workers earning at least \$16 an hour, clearly aimed at Mexico. It established a committee to monitor Mexico's labor reform and compliance with labor obligations.

More access for dairy farmers to the Canadian market was granted. New intellectual property protections were also introduced, and there was a binding dispute resolution mechanism. What was meant to be a mere update of the NAFTA turned into a massive saga. A multi-year negotiation was complete and the "worst deal that was ever made" as defined by President Trump, with a few changes, was now CUSMA. One big change arguably was the undermining of this notion of creating one North American economic space. We see this most clearly with the imposition of new measures to bring back auto manufacturing to the United States, as evidenced by the higher rules of origin requirements.

This now takes us to CUSMA review. Because although Trump has praised the agreement, he's also described it as "transitional" and questions its purpose and necessity. Next year marks the mandatory review of CUSMA by the three parties. Prior to this, there must be public consultations. The US Trade Representative has thus kicked off 45 days of public consultation.

That process is supposed to inform the formal review. The Canada-US Trade Minister has also launched Canada's consultations. Canada will be looking to engage with industry leaders, provinces, territories, and indigenous partners. It has proposed an economic and security partnership stemming from the United States' recent tariff agenda. So the clock is ticking.

As CUSMA has so far saved a plethora of products from tariffs, should the review of CUSMA by the Trump administration be one that finds the agreement unnecessary, any adjustments or a full withdrawal could be catastrophic to the North American and global trading landscape. The United States Trade Representative is accepting comments until November 1st.

The public hearing is set for November 17th. Time is ticking, and as talks start to accelerate, so does the need for answers and clarity.

Rambod Behboodi:

We are joined here today by John Weekes, one of the giants of the Canadian Trade Policy establishment. John has the distinction of having been Canada's ambassador to both the GAT and the World Trade Organization and a senior official in charge of Canada-US relations, for many years. He is going to help us navigate what is likely to happen in the months and, and the year ahead.

John, thank you very much for joining us today. You have just published a paper, and set out your view, your assessment, of what the 2026 review is likely to accomplish or might well accomplish. Could you walk us through that?

John Weekes:

Well, in my paper, I thought it was important to set out some of the considerations that needed to be borne in mind as we approach this review, which could well turn into a negotiation.

And I think it's interesting how views change over a relatively short period of time. When President Trump initially announced his tariffs on Canada and Mexico, the so called, Fentanyl border tariffs, he, it appeared that they might affect a very large proportion of Canada's exports to the United States. And this was a serious matter because these were 25% tariffs subsequently increased on, I guess it was August 1st, to 35%.

Well, back in February, when you looked at Canada's exports to the United States, and you took the statistics from the United States Custom Service, it appeared that about only 35% of Canada's exports to the United States were what the Americans term compliant with the USMCA. A compliant means that they met, they demonstrated these exports had documentation associated with them when they were imported, that showed that they, met the requirements of the, of the free trade agreement for being products of Canadian origin. So, this looked like a very big hit indeed. However, by July, it turned out that a large number of companies had taken that time to decide that they would go through the expense of documenting that they complied with the agreement. And so about 85% of Canada's exports were compliant with the NAFTA.

So, this change made a very dramatic change. We went from a situation where it appeared that, basically, President Trump had rendered the CUSMA almost useless to Canada, to a situation where, contrary to what he was doing with other countries in the world, he was for approximately for 85%, with one exceptional I'll get to in a minute, but for 85% of Canada's exports to the United States, he, was respecting the duty-free obligations of the NAFTA and no other country in the world except for Mexico, was in that situation. It's, the exception of course is a very important one because for other reasons and under other provisions, whether it's for national security or trade remedies, antidumping, countervailing duties, the United States keeps adding to this list of sectoral tariffs that adversely affect Canada. And we have tariffs on steel and aluminum products at 50%, as Stephen de Boer just mentioned a few minutes ago. We have tariffs on, automobiles of 25%, which of course is a very serious blow to the automobile industry in central Canada. And I could go on, but, I think I'll stop there. So, the overall assessment is that this agreement is still the NAFTA, the CUSMA, the USMCA, is still very beneficial to Canada and important for very many producers in our economy.

So, I think that it's really a no brainer we should be gearing up for and aiming for an effective review of the USMCA. And one, which will lead to the conclusion that, the agreement should be extended for a further 16-year period.

Stephen de Boer:

John, what do you think the Trump administration will hear when they're conducting these consultations? Or there's hearings on November 17th?

John Weekes:

Well this is very important, and I guess there are two ways of looking at this. One is, what Canadian practices are going to be in the crosshairs? But there's another which I would argue systemically, might be even more important. And what indications will we get in Canada, about the importance that to which leading American businesses and others attached to the Canada-US trade relationship, and the importance of seeing that agreement continue. So, I think that, and most of this is public, so the submissions, I believe that the American administration has asked people to make on the operation of the CUSMA and on how it might be improved.

I, think, are going to, be very, are they're going to be public. So, we'll be able to, and then of course the hearings that will take place in November will also be public. So, we will get a pretty good reading of the lay of the land. This won't tell us what the administration's going to do, who can predict what Donald Trump will do anyway. But it will show us what his constituency thinks is important.

And I think if you look at some of the recent public opinion surveys, it shows that Trump is not gaining in support in the United States. His support is waning. There is growing dissatisfaction with his, trade and tariff policy. And the American economy is slowing down. And they're going to have midterm elections a year from now.

So, the review process is scheduled to, the formal part of it take place on July one of next year. That's just four months or so from the midterm elections. So, then the conduct of any subsequent work following from the review will be taking place in the run up to those elections and perhaps afterwards.

Now, if you're a betting person, which not a good idea to bet in trade policy matters, but there's a reasonable proposition that the Republicans are not going to do as well as they might hope in next year's elections. And that therefore, the pressure on Canada to do what the Americans want may be less.

So, I think, some Canadians think we should be rushing quickly to see if we can get a deal with the Americans because we want to end the, this uncertainty. And uncertainty is a very big problem for Canada. Very big. It's, we could talk about that separately. But, I think, that, that, we'll this suggests that our chances of getting a better deal out of this, review process is going to be better if it takes a bit longer than if it's a bit shorter. Now, interesting, I was listening to Ambassador Hoekstra on a podcast, earlier this week, and I, heard him saying that he thought it, it would, that the review process and any subsequent negotiation might well go right through the midterm elections and, on into 2027. And he noted that, that, trade agreements often take longer to conclude than their proponents originally suggest. So, I think that's something we need to bear in mind, that the flow may be working in direction of allowing us to be able to negotiate at a time when the pressures on Trump, may be such that our chances may be better.

Rambod Behboodi:

Let me pick up on, on a word that you used. And that's uncertainty. And it seems to me that there are, two sorts of uncertainty that would, that we're dealing with right now. The first one is the uncertainty of outcomes. What could be the outcome of this review? The second one, and to me that the more troubling one, is the uncertainty of does it even matter if there is a favorable outcome?

Now, I'm reminded of the great line in, in the movie my, my favorite movie, the Lion In Winter, there's no point complaining about the air if it's the only thing to breathe. And so if, we have to, come to an agreement, we have to come to an agreement. But, Prime Minister Carney appears to have settled on the first uncertainty.

That is the uncertainty, of not having a deal and going with the current state of affairs so far, than the other uncertainty of, doing what we can to get a deal, only to have that deal to be overturned. Or ignored.

John Weekes:

Well, I think, as I see the uncertainty problem, it's, the biggest problem out there. It's, and as the Prime Minister said, our relationship with the United States is never going to be the same. And curiously, you know, I'm part of a group called the Canada-US, expert group on, sorry, the expert group on Canada-US relations.

And I've been writing an article recently which has been contributed to the series that this group has produced and came out yesterday or day before. And, so I did some research. I went and looked at what have we said before? And the group did a major piece that came out on January one that really addressed this uncertainty issue. And I was one of its authors and made the point

that, we really needed, because of this uncertainty we needed to work to invigorate our economy by reform, by reducing the burden of regulations, by removing barriers to interprovincial trade. And we also needed to look at how we could strengthen our economy in a way that would make us more attractive partners for other countries, including, notably the European Union and our partners in the Trans-Pacific Partnership Agreement.

And this sounds awfully like Prime Minister Carney's sort of agenda. The difference was though that this article was published two weeks before he announced his candidacy for the Liberal Party of Canada. So, when I come out saying things that sound like I'm supporting the Prime Minister, I wouldn't want to say that he'd adopted our agenda, but we have a similar sort of view of, what's needed.

I think the big problem with uncertainty is it scares investors. After what's happened with Trump one and now Trump two, who is going to want to invest in Canada, in the manufacturing sector to supply the North American market? Who's going to be able to stand up and tell their board of directors, "so this is not a problem, there's this agreement Canada has duty free access, and, the Americans will clearly respect that". You're talking about an investment where maybe 60% of the production, for instance, might be, going to go to the US market to make it successful. Well, I think you know, if we get a better outcome in this agreement, or we get a satisfactory outcome, it's not going to make this basic fear go away.

That Genie has been let out of the bottle. And the only thing we can do ourselves in Canada to address that is to our own domestic reform, to reinvigorate our economy, but also to strengthen our partners with other countries. And this is where I think the emphasis on the natural resource sector becomes so important.

Because there's never been a better opportunity to think of how to increase the supply of Canadian natural resource products to Europe than right now. There's a broad consensus in Canada that we should work in that direction and also to, partners like Japan and Korea. And the Europeans have never been more interested in doing this kind of partnership with Canada because they've got the Russians breathing down their neck and they're actually worried that not only from a trade point of view, but from a security point of view that the Russians might try to take them over.

Stephen de Boer:

But this, just to summarize almost, but this is transformational in that the major plank of Canada's investment attraction regime was access to the US market.

And that's been pulled out from under us. And so now we were, we have to use other levers and other ideas in order to make us an attractive, investment climate. Interesting.

John Weekes:

I know, I was a negotiator of the North American Free Trade Agreement. I know that's what we tried to do, but I, it was sometimes a hard sell.

Rambod Behboodi:

Let me, ask, maybe, a final question. And, it has to do with - related to the question of uncertainty - and it has to do with the question of asymmetry, asymmetry of expectations out of, whatever deal will we come up with. The, United States and Mexico can, I think, reliably expect that Canada will respect its obligations under a future trade agreement.

If the CUSMA is negotiated, or as it goes along, Mexico in the same way. As you noted, the old relationship that we had with the United States, that doesn't exist anymore. And we will always be in this, era about this for the time being in this era of uncertainty that, that we don't know whether a legal obligation is a legal obligation that will be respectful or not. Ought Canada give up this asymmetrical, relationship?

And I ask that because of what we heard yesterday from the European Union. That they basically, for the first time ever, they said they can't go on in this scenario of asymmetry.

Now the European Union is similar in size to the US so they have a bigger margin of maneuver. But, where does that leave us? Can we continue in this scenario of asymmetry, or ought we be really thinking about the whole, kit and caboodle of the rules based, framework that, we've been operating under?

John Weekes:

Well, I think, the rules-based framework is critical for Canada. Not just with the United States, but also with other countries. So, if we're talking about diversifying our trade relationship, which is something that isn't going to happen overnight, and frankly I think the United States will always be our most important trading partner.

It is an asymmetrical relationship whether or not we have an agreement, because there are 400 million people and we're 40 million people. We export 75% of our exports go to the United States of goods, and for the US to Canada, I don't know what it is,

Stephen de Boer:

It's probably between 30 and 40%, isn't it?

Rambod Behboodi:

It's, less than that. Less than that.

John Weekes:

It's 20 something. Well and of course, and then in terms of, as a percentage of GDP there's no comparison because it's, a rounding error for the United States economy and for us it's our lifeblood. So, and, it's so easy to do business with the United States with the people there, with the companies there, and a lot of people want to buy Canadian products. So, we're, not going to say, the one way we could really lessen our dependence on the United States would be to prohibit exports to the United States across the board. Well, that sort of thing is not going to happen. If you're not going to do that, they're always going to be an important part of our trade picture. But I think, we have a big interest in, making sure that working with other countries to make sure that the World Trade Organization, is not destroyed by the Trump trade policy.

And they're worrying things that have happened now because on these deals that Trump has struck with other countries. These deals that are really just handshake deals. I mean they're not based in a US law on how durable they are as anybody's guess, and whether they're treaties or probably not even, they're certainly not treaties in terms of anybody's ratification, procedures.

So, I think we have a big stake in that because we need it for managing our trade relations with other kinds. But frankly, we also have a stake in it because it will help anchor the Americans when they come back to their senses and decide that, there's always going to be changes in the

way trade is managed, but I think it's a good bet that after this experiment in Trump trade policy, the Americans will conclude that they need to return to something that's more predictable.

Frankly, the predictability of it, providing certainty is more important than the exact level that tariffs are at. So, I think, I think that we need to continue to push a rules-based world. It's critical for a smaller country. And we're in a relatively good situation because despite the fact that a lot of other countries are now violating also the WTO MFN principle, because they're giving the Americans better treatment than a lot of other countries. Although a free trade partner like Canada to many people is probably still in as good a situation. But it's, so we rely on our, these other trade agreements we have the one with the EU, the Transpacific Partnership, which now interestingly also includes the United Kingdom. So, our best trade agreement with United Kingdom is arguably right now in the Transpacific Partnership. Well and in the WDO. But, so I, think it, it can be very frustrating for Canadians because it sounds like an unfair partnership, but we still have an enormous amount of economic benefits to gain from a close relationship with the United States. That's the dilemma for Canada. How do we put up with this and how do we try to minimize to create rules that are going to work as well as possible for Canada?

Stephen de Boer:

So John, Prime Minister Carney has just come back from Mexico and there's much discussion about the nature of that relationship. And it was rather problematic right after Trump made his tariff threats and announcements as to how Canada should be treating Mexico. Given your experience negotiating, with, Mexico in the context of the NAFTA. What can Canada reasonably expect in discussions with Mexico? Is there anything there that will be helpful? Or is this more of a window dressing with respect to that relationship?

John Weekes:

No, I think it's very important that, Mexico's there with us.

We, and I, found in the original NAFTA, it was very useful to have Mexico in the room. Mind you, the whole situation was quite different in the original NAFTA negotiation because the three countries were committed at the level of their heads of government. The two presidents in our Prime Minister all committed to the idea of a high-quality agreement across the board with as few exceptions as possible. And doing it as quickly as possible. It was actually a very, constructive and positive experience to participate in that negotiation. In many ways because of that instruction. But there was also a very good relationship among the negotiating teams.

Just to give one small example, I used to at, when we'd have a chief negotiators negotiating session, by the way, we did the whole negotiation of the original NAFTA in 14 months, not including the site agreement negotiations, but 14 months. That's remarkable. And, I used to sit down with Bob Clark, who was my deputy chief negotiator, and we would sit down with Herminio Blanco and Jaime Zabludovsky, our Mexican opposite members. At the beginning of each of these sessions, we usually had dinner the night before sort of compare notes. Because on a lot of issues we were in constant touch with the Americans, but we were not quite as, so it was good to get in the Mexican perspective and here, what would they be?

Because they might be raising something the next day maybe that we didn't like, for instance, or that. Or that we would like to support, or where we might be able to, chip in and say, the Americans, this is quite a good idea. So, you can make a lot more things happen by having a cooperative relationship.

Plus, frankly, on, trade negotiations as we've now learned, don't just take place at the table. And one of the aspects that's really important is the, is the networking with other interested groups in the United States, for instance. And, we talk about getting provinces to provinces, businesses to

businesses, municipalities talking with their counterparts and really trying to, point out to our American friends how important this negotiation is and how it is important to our bilateral economic relationship, which is actually very, beneficial to them. Well, the Mexicans are doing the same thing. And I in, in the United States, and I think that's very helpful too because we're, both making the same type of arguments.

We're both committed to the idea of ensuring that the CUSMA continues as a high-quality agreement between the three countries. And so that's good. Plus, the Mexicans have a lot of leverage, some leverage that we don't have. They're now actually a larger trading partner of the United States than we are, although we still, buy more American goods than any other country in the world. Including by the way, the EU of 27. So, having them there is positive.

Now everybody knows that of course there are going to be some issues on which we disagree with the Mexicans. That's normal. I mean when we talk about working with them in the negotiations to achieve positive outcomes, we're not saying that we expect to have each other's backs all the time. This is not an alliance with a, a an, a come to the aid of if the other country's attack clause like NATO. So, I think we have to understand that. And you mentioned near the beginning, one of you did, I, what happened in the previous renegotiation of the NAFTA, that the Mexicans actually, concluded an agreement with the Americans, finally because the negotiation had broken down and, whether the Mexicans went to the Americans, the Americans went to the Mexicans, or they both did. Anyway, they did work out the broad contour of an agreement, and then they came, and we'd been having real trouble getting the Americans to engage on some of the things that we thought were important.

And, and then they reached this deal, and they came to us and said, okay, take it or leave it. And, we had a, that actually gave us quite a bit of leverage. We suddenly had leverage we didn't have before because the American Trade representative of Lighthizer gave us this sort of ultimatum. But he quickly found out that the Congressional actors were telling him that, by the way, if you bring an agreement here that's just the US and Mexico, it ain't going to make it through Congress. So, you'd better figure out how to get the Canadians on board. Now that gave us leverage, not unlimited leverage, but it meant we could actually make important adjustments to the agreement.

Just to add a further twist to this complexity of getting. A lot of the really good things that we like, like improved dispute settlement provisions in the new NAFTA, actually came after we concluded the agreement and signed it in all three countries.

But the Democrats took control of Congress and they said, we're only going to support this agreement if it's got provisions on dispute settlement that apply also to the provisions dealing with labor and environment. And these provisions have got to work better than the old ones did in the Canada, in, in, the NAFTA in the original NAFTA for generally for other products. So, Democrats in Congress actually helped us get a better agreement out of Trump the first time around too.

The other final thing I'll say about Mexico is, they're, one I, forget, I've, looked this up every now and then, but they're in the top 10, I think, or 12 or something as a GDP in the world. So, it's a really important trading partner, and they happen to be our third largest trading partner. Depending with how well you count, the EU is one. But anyway, they're, right up there. Much more significant than Indonesia, for instance, with which we just concluded an agreement. So, if we didn't have a trade agreement with Mexico, it would be very high on our priority list for, getting it done quickly. That's also beneficial.

Rambod Behboodi:

John, thank you very much, for your time and for a, an upbeat message at the end of, what might well have been quite a...

John Weekes:

Or was it fatalistic?

Rambod Behboodi:

Not at all. Not at all. It was ... I'm an eternal optimist and so I take what you, what you said as not so much an admonition, but rather an encouragement to the trade policy community in the country, and of course to the officials, that there is still, a path forward to get us out of this present difficulty.

This brings us to the end of our session today. Stephen and I would like to thank John Weekes for his exceptional insight. As well, a project that this kind requires a lot of work to bring together. In particular, honorable mention is reserved for Alex Zoutis, our articling student and our producer, Jason Chute. And of course, the entire technical staff of BLG.

Thank you.

John Weekes:

Thank you.

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