

# Trade & Investment Centre

## 2020 WORK PLAN

### 2020 AND BEYOND

Trade has become more complex, and riskier: Canada's largest trading partner, the United States, has turned from being a defender of the rules-based trade upon which Canada depends to becoming an existential threat; and Canada's second largest trading partner, China, is host to equally urgent and fraught challenges. The Trade and Investment Centre will continue to develop pragmatic solutions to help Western Canadian exporters and governments respond to immediate trade challenges, while also building knowledge, capacity and public awareness to prepare for longer-term threats and opportunities.

At the same time, we will work to increase the West's ability to rediscover other markets through new trade agreements and continue to provide research and policy recommendations to improve Canada's trade infrastructure as a national priority.

We will also continue to highlight western interests in Ottawa and in the foreign markets most critical for the West.

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### The West's relations with its largest trade partners

**The United States:** The new NAFTA agreement will not resolve all trade tensions with the U.S., nor will it protect exporters from continued trade policy shocks from the current U.S. administration. Country of origin labelling, grain grading and the omnipresent threat of new unilateral tariffs all require proactive engagement to defend Western Canadian interests in the U.S. For western provinces far from Ottawa, these interests require direct engagement with U.S. state counterparts. In 2020, the Trade and Investment Centre will build on groundwork done last year:

- Work with a consortium of Canadian academics on a Social Sciences and Humanities Research Council grant to map sub-national, or state-provincial, engagement. The research will identify how engagement is conducted across the Canadian provinces and what organizations and options exist for engagement in the U.S. The research will enable government and business to learn from what others are doing and to make better informed choices on where and how to apply limited resources to engage.

- Research and recommendations for new pacts between states and provinces to improve the economic competitiveness of western North America.

- Continue to provide research for provincial engagement activities including continuing as an active member of the North American competitiveness initiative by the G.W. Bush Presidential Institute.

**China:** China is the second largest trade partner for each of the western provinces and largest importer of key agricultural commodities – trade that is increasing every year. Finding a Canadian path to more fully engage with China is critical for the West. Over the past five years, the Trade and Investment Centre has made a concerted effort to build knowledge, competence and capacity to work on China-Canada issues. In 2020, the centre will apply that capacity to:

- Translate experience from Australia, Brazil and the U.S.'s recent phase one trade deal with China into policy recommendations for the Canadian government to engage China on non-tariff barrier issues in agricultural trade.

- Publish the *China Brief* news summary of major issues in Western Canada's relations with China, an important tool for increasing knowledge on China in Western Canada and highlighting western issues in the relationship in Ottawa and abroad.

## **The Trade & Investment Centre advances** the interests of Western Canada's export economy to hold on to existing markets, open new markets and have the trade infrastructure to reach both.

### **Rediscovering other markets**

For Canada, the easiest way to lessen its over dependence on its two largest markets is by getting more out of its existing trade relationships, including striking new agreements. From Mexico to Japan to Europe, Canada has privileged access to good, secure, large, open markets. Before targeting new markets, Canada needs to improve export performance in markets to which it already has privileged access. In 2020, the Trade and Investment Centre will:

- Conduct modelling under the World Customs Organization's Harmonized System, using the most detailed (HS 6-digit level) code, to identify new trade opportunities and total potential new market share in Japan. Modelling will produce specific information for each of the western provinces.

### **Getting to market**

#### Improving Canada's trade infrastructure

In 2019, despite significant investments by the private sector, global perception of the quality and reliability of Canada's trade infrastructure declined significantly, dropping from perceived 15<sup>th</sup> best to 31<sup>st</sup> in the World Economic Forum's rankings. This confirms complaints from key markets and reveals that Canadian mitigating steps are not registering abroad. New action at home and more vigorous communication abroad are needed. In 2020, the Trade and Investment Centre will:

- Model the impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) trade agreement on Canada's trade infrastructure to enable western provinces and stakeholders to more effectively engage the federal government and demonstrate to foreign markets work that is being done in Canada. The modelling will build on work done by the federal government on the CETA agreement but not planned for CPTPP.

- Finish a strategic framework to guide trade infrastructure planning and prioritization in Canada including translating elements of Infrastructure Australia and other global best practices.
- Wage an aggressive public education campaign to raise awareness around the importance of improving trade infrastructure and turn policy recommendations from the research into action.

### **Other work**

A principle strength and benefit to Western Canada of the Trade and Investment Centre is its ability to respond, often proactively, to challenges and opportunities that emerge unexpectedly. The Centre will continue small-scale support for some such initiatives begun in 2019.

- Support development of plant protein and ingredient industry in Western Canada, primarily through service on the board of the Plant Protein Alliance of Alberta and collaboration with Protein Industries Canada.
- Investment attraction and economic diversification, primarily through initiatives such as expansion of the Cascadia Innovation Corridor to include Calgary and removing regulatory barriers to grow the food processing industry in Alberta.