

Trade & Investment Centre

2021 WORK PLAN

Trade, Investment, Trade Infrastructure: 2021 and beyond

Western Canadian exporters have endured unprecedented change over the past year and face an uncertain future due to the pandemic as well as other factors. The markets of focus in this work plan accounted for 84 per cent of Western Canada's total exports in 2019 and 56 per cent of foreign investment stock in Canada. The ongoing challenges include slow economic growth and political gridlock in the U.S. market; political tensions with China that prevent Canada from addressing trade issues; and the rise of a new trade bloc among Asia's most promising markets that includes Canada's competitors but not Canada. None of these challenges will get easier in the years ahead as Canada attempts to rebuild from the economic and social impacts of the COVID pandemic. Agriculture and other commodity exports from the West can lead the recovery on strong global demand. But issues that negate these advantages like falling global confidence in Canada's trade infrastructure must be addressed first. The West is well-positioned to lead Canada's recovery but only if it is supported, not hindered, in doing so. Our work in 2021 will focus on research, convening and communication activities that test new models, provide new information and pursue specific opportunities to drive crucial policy development. We will also carry out third-party advocacy to both defend and advance the interests of Western Canada at home and abroad.

POLICY GOAL

The West's relations with its largest trade partners

The United States: A Biden administration will remove some irritants, most notably the unpredictable use of unilateral tariff authority such as the threat of a 2 a.m. tweet that upends markets. But a weaker Democratic majority in the house and control of the Senate only narrowly in Democratic hands coupled with partisanship worse than the Obama years is likely to lead to gridlock. Efforts to resolve western issues will have to be done in the West, not in Washington, D.C. or Ottawa. In 2021, we will:

- Finish work begun in 2020 to develop and test a rationale and agenda for Alberta, Saskatchewan and Manitoba to solve common problems directly with states in the U.S. mountain west. While heads of government of other regions along the border – Cascadia to the west and Great Lakes and Atlantic provinces to the east, and U.S. and Mexican states to the south – regularly meet, the Prairie provinces do not. This leaves potential resources and allies unused and the Prairies behind. We will convene a workshop of regional and private sector leaders including representatives from other border regions. The workshop will be used to produce a final report of recommendations for the Prairie premiers to take to their U.S. counterparts including a Canadian Prairie agenda for approaching U.S. governors and mechanisms for engagement.
- Increase general advocacy for the Cascadia Innovation Corridor between British Columbia, Washington and Oregon, to include Calgary in the initiative.

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. Relevant information for businesses and policymakers on China as a trade destination is critical for the West. Over the past five years, the Trade & Investment Centre has made a concerted effort to build knowledge, competence and capacity to work on China-Canada issues. In 2021, we will apply that capacity to:

- Build on the work behind the 2020 report *When Interests Converge: Agriculture as a basis of re-engagement with China* to spend time and resources on public speaking on the report to directly improve understanding of agricultural producer associations and other stakeholder organizations in Western Canada on relations with China. In addition, we will publish a series of short policy briefs based on the research targeted at specific audiences.
- Organize, and, with our partners, host a James A. Richardson Discovery Roundtable, to elicit feedback and further our work on the impact of the fifth plenary session (plenum) of the 19th Chinese Communist Party Central Committee and the 14th five-year plan for Canada and the West. China's fifth plenum is the chief planning mechanism and indicator of where the country is headed. The 14th Five-Year Plan is the resulting document based on the directions set forth by the plenum. Policy briefs from the workshop will inform policymakers.
- Continue publication of the *China Brief* news summary of major issues in Western Canada's relations with China. The brief is an important tool for increasing knowledge on China in Western Canada and highlighting western issues in the relationship in Ottawa and abroad.

POLICY GOAL

Rediscovering other markets

For Canada, the most efficient way to lessen overdependence on its two largest markets is to get more out of its underused existing trade relationships and trade agreements. Instead of replicating underperformance in new markets, Canada needs to improve performance in markets where it already has privileged access. In 2021, the Trade & Investment Centre will:

- Proactively respond to changes and challenges by updating 2017 modelling of the CPTPP agreement's impact on Canada to include the impact of the COVID-19 pandemic and take into consideration the potential addition of the U.K. to the agreement and a U.S. return.
- Continue to provide ongoing analysis on the Regional Comprehensive Economic Partnership (RCEP) and other global trade developments for western stakeholders and national media.

POLICY GOAL

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 to 31st from perceived 15th best in the World Economic Forum's rankings. This confirms complaints from key markets and reveals that Canadian steps to mitigate this are not registering abroad. New action at home and more vigorous communication abroad are needed. In 2021, the Trade & Investment Centre will conclude work begun in 2020:

- Model the impact of the 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 include pre- and post-COVID analysis.
- Finish a strategic framework to guide trade infrastructure planning and prioritization in Canada including translating elements of Infrastructure Australia and other global best practices. These efforts include an aggressive public education campaign to raise awareness around the importance of improving trade infrastructure and turn policy recommendations from the research into action. A summit of New West Partnership premiers is planned for Winnipeg, Manitoba.

Other work

A principal strength and benefit to Western Canada of the Trade & Investment Centre is its ability to respond, often proactively, to challenges and opportunities that emerge unexpectedly. In addition to new challenges, the Centre will continue small-scale initiatives begun in 2020.

- Research to create greenhouse opportunities by incorporating CO₂ sequestration .
- Continue support and advocacy for copyright reform to protect small agricultural equipment manufacturing in Saskatchewan and Manitoba.
- Pan-Prairie trade advisory talks, *Trade Ahead*. A series of armchair conversations with trade experts from key markets for Western Canada to prepare businesses for upcoming trade issues in the year ahead. This series is being presented by the Canada West Foundation with the support of Export Development Canada and in partnership with Calgary Economic Development, Saskatchewan Trade and Export Partnership, World Trade Centre Winnipeg and Edmonton Global.