

# **POLICY *Brief***

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## **Navigating the Fog of Trump's Trade War**

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# **POLICY *Paper***

## **Context**

- The world faces a crisis driven by the Trump administration's agenda
- Postwar system of liberalized trade, rules-based global commerce is damaged
  - Punitive U.S. tariffs have disrupted global trade
  - How countries respond to the will determine the shape of the crisis
  - Trust, critical to international order, has been severely eroded
- The western alliance that has provided decades of peace is at risk
- Liberal democracy is seen as in retreat
- With the U.S. no longer considered an ally, many nations considering new alliances
- Certainty of free trade with the U.S. is no longer possible
- Canada must form a policy agenda to deal with the new reality

## **POLICY *Paper***

### **Considerations**

- Crisis management requires a clear understanding of the causes
- In this case there is a complete lack of such clarity
- Positions taken by the Trump administration are often contradictory
- Uncertainty about policy makes planning difficult or impossible
- Long-term public policy and private investment decisions are impaired
- Will China fill the gap left by declining U.S. global influence?
- As the largest trading partner with U.S., Canada is extremely vulnerable

# Policy Paper

## Questions

- Is a new Canada-U.S. trade agreement a realistic possibility?
- If not, should we pursue bilateral sectoral trade agreements?
- How does Canada stimulate greater productivity and economic growth?
- Canada once had a fiscal advantage. How can it be restored?
  - What specific policy steps need to be taken?
- How should government respond to Trump's tariffs?
- What international alliances should Canada to pursue?