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Summary & Analysis of Hendrik Brakel's *"From Trade Wars to Trade Wins"*

Hendrik Brakel outlines three strategies to position Canada as an indispensable trade partner for the U.S. to reduce the likelihood of tariff impositions

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Purpose

- Summarize *From Trade Wars to Trade Wins* by Hendrik Brakel
- Identify the benefits & disadvantages of the solution to the U.S.-Canada trade conflict proposed in the Brakel paper

Hendrik Brakel



- Director in the Federal Practice at Sussex Strategy Group
- Spent five years on Parliament Hill
- Served as Chief Economic Advisor to the Leader of the Official Opposition. Later promoted to Director of Policy & Parliamentary Affairs
- Former Chief Economist at the Canadian Chamber of Commerce
- Holds a Master of Public Policy & International Affairs & a Master of Business Administration (MBA) from the University of Ottawa

A. Summary: *“From Trade Wars to Trade Wins”*

Hendrik Brakel's proposed solution to the U.S.-Canada tariff conflict revolves around three core strategies:

1. Strengthening North American economic & security integration
2. Enhancing Canada's economic competitiveness
3. Addressing global trade imbalances & confronting China's trade practices

1. Strengthening North American Economic & Security integration

- Transitioning from a trade agreement to a broader economic union with the U.S.
- Establishing mutual regulatory recognition, harmonizing tax incentives, & integrating procurement policies
- Deepening military & security cooperation, ensuring Canada's economic security aligns with U.S. priorities

2. Enhancing Canada's Economic Competitiveness

- Lowering corporate taxes & reducing regulatory burdens to attract investment
- Developing an industrial policy focused on strategic industries, rather than just subsidies
- Investing in supply chain infrastructure & energy competitiveness to match U.S. policies

3. Addressing global trade imbalances & confronting China's trade practices

- Aligning Canada's tariff policies with U.S. measures against China
- Forming alliances with like-minded nations to enforce fair trade rules & prevent global protectionism
- Reducing dependency on Chinese supply chains by supporting North American manufacturing

B. Analysis: “*From Trade Wars to Trade Wins*”

- Brakel’s proposal presents a strong defensive strategy against U.S. tariffs but requires careful execution to mitigate risks
- Seeks to secure Canada as an indispensable partner of the U.S. to avoid tariffs during the Trump era
- Brakel’s proposal is a pragmatic approach to securing trade stability & economic competitiveness. However, it relies heavily on U.S. cooperation & willingness to deepen economic integration

How the Proposed Three Strategies Benefit Canada ^{1/2}

1. Improved trade & investment flow

- By advocating for a closer economic partnership, Canada could secure long-term trade stability & avoid the volatility of tariffs
- Greater regulatory alignment & mutual tax incentives would attract cross-border investments

2. Enhanced economic security

- By integrating economic & security policies, Canada could leverage its strategic industries (e.g., energy, minerals, AI) to maintain a strong negotiating position
- This would reduce vulnerability to supply chain disruptions & future tariff threats

How the Proposed Three Strategies Benefit Canada 2/2

3. Stronger diplomatic leverage with the U.S.

- Actively aligning with U.S. economic security priorities could reinforce Canada's importance as a key ally, reducing U.S. motivations for protectionist measures
- Canada could also shape U.S. policies in its favor by demonstrating economic & security cooperation

4. Job creation & business growth

- The proposed industrial policy reforms (lower taxes, better R&D incentives) could spur business expansion
- Encouraging domestic manufacturing & reducing dependence on China would increase job opportunities

Weaknesses of the Proposed Solution for Canada ^{1/2}

1. Risk of losing economic sovereignty

- Closer economic integration with the U.S. could diminish Canada's policy autonomy, making it more dependent on American trade policies & security decisions

2. Challenges in implementation

- Achieving full economic integration would require overcoming regulatory hurdles & renegotiating parts of the United States-Mexico-Canada Agreement
- Canada would need to make significant reforms quickly, which may not be feasible given political & bureaucratic constraints

Weaknesses of the Proposed Solution for Canada 2/2

3. Potential domestic opposition

- Some industries may oppose tax reductions or deregulation if they see it as a race to the bottom
- Labor groups & policymakers could resist deeper U.S. integration due to concerns over national security & economic independence

4. Geopolitical risks

- Aligning too closely with U.S. policies against China could increase trade retaliation risks, harming industries that still rely on Chinese imports
- Canada's multilateral trade relationships (e.g., EU, Asia) could suffer if policies are seen as too U.S.-centric

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