

“Up Our Game, Canada” Module 1 Transcript: Proposed Strategy for Strengthening Canada’s Trade and Reducing Risks

Slide 1

Welcome, everyone. I’m Tony Bailetti, and alongside me is Ian Lee—both representing the Sprott School of Business at Carleton University. Today, we introduce our proposed strategy for strengthening Canada’s trade and reducing risks.

Our approach is built on three critical fronts. First, we will safeguard and expand our access to the U.S. market—a cornerstone for our economic stability. Second, we commit to building a stronger, more resilient domestic economy. And third, we aim to diversify our foreign trade, opening new avenues for growth and opportunity.

In an era defined by rapid change and uncertainty, these three pillars are not just ideas—they are the foundation for a forward-thinking strategy that addresses risk head-on while seizing new opportunities for prosperity.

Let’s embark on this journey together, as we explore how each of these strategic fronts interlocks to create a robust framework for Canada’s economic future

Slide 2

Building on our introduction, let’s break down the core of our trade strategy—crafted across three distinct fronts, each with its own timeline and clear objective.

First, in the **short term**, we will safeguard and expand U.S. market access. This front is about preventing major economic disruptions by fortifying our most critical trade channel.

Next, looking to the **medium term**, our focus shifts inward as we strive to build a strong domestic economy. Strengthening our internal market creates the stability and innovation needed to fuel broader growth.

Finally, on a **long-term** horizon, we set our sights on diversifying foreign trade. By expanding into high-growth markets beyond the U.S., we open new avenues for sustainable prosperity.

Each of these fronts is an integral piece of a cohesive strategy—ensuring that today’s decisive actions set the stage for tomorrow’s resilient growth. Now, let’s explore how these strategic initiatives interconnect to secure Canada’s economic future.

Slide 3

Continuing our journey, let’s now detail the key components of Canada’s trade strategy.

First, to **safeguard and expand U.S. market access**, we must protect our existing trade relationships, proactively counter protectionist measures, and secure long-term stability in the U.S. market. This is our immediate shield against economic disruption.

Next, we turn our attention inward to **build a strong domestic economy**. By enhancing internal trade and reinforcing our supply chains, we aim to reduce vulnerabilities and boost economic self-reliance—laying a solid foundation for our national growth.

Finally, we commit to **diversify foreign trade**. Expanding into new, high-growth foreign markets will¹ unlock fresh opportunities and reduce our overreliance on U.S. trade, positioning Canada for sustainable long-term success.

Together, these three pillars interlock to form a comprehensive, resilient strategy—one that not only responds to today’s challenges but also anticipates tomorrow’s opportunities. Let’s now see how we can turn these strategic insights into actionable initiatives.

Slide 4

Let’s take a closer look at why safeguarding and expanding our U.S. market access is so critical.

The U.S. is not just any partner—it is Canada’s largest trade partner. This deep-rooted connection means that our economic stability is closely tied to the health of U.S. trade.

Any disruption in this relationship could trigger significant economic instability. In the short term, maintaining stability in the U.S. market is crucial for preserving business confidence. When companies see certainty, they invest, grow, and drive our economy forward.

Moreover, protecting our key industries depends on these stable trade relations. Without a secure and predictable U.S. market, the very pillars of our economic success could be jeopardized.

In essence, ensuring robust access to the U.S. market is not just a trade tactic—it is a foundational element of our economic strategy. With this understanding, let’s now explore how strengthening our domestic economy further supports our national resilience.

Slide 5 – 6

Building on the critical importance of maintaining our U.S. market access, let’s now delve into the specific initiatives that will secure and strengthen these vital trade ties. Our plan comprises four strategic initiatives:

First, we will negotiate targeted tariff exemptions for key industries.

We’ll actively engage the U.S. Trade Representative and influential industry leaders to secure exemptions for sectors such as auto manufacturing, AI-driven technology, clean energy, and critical minerals.

Moreover, by pursuing state-level trade diplomacy—with a special focus on Michigan for auto, Texas for energy, and California for tech and AI—we aim to reinforce the deep economic integration between our nations.

Second, we propose implementing a reciprocal trade adjustment mechanism.

This includes negotiating a ‘Canada-U.S. Trade Stability Clause’ that would automatically secure tariff exemptions for industries with high cross-border dependencies. Additionally, establishing a joint dispute resolution system will enable us to resolve tariff issues before they escalate into major conflicts.

Third, we must align with U.S. security and economic priorities.

By securing Canada’s role in critical U.S. supply chains—spanning energy, defense, and AI-driven technology—we not only fortify our economic position but also support U.S. supply chain resilience, all while preserving strategic flexibility without overcommitting to any one geopolitical strategy.

Fourth, we will strengthen our business and congressional advocacy in the U.S.

Engaging with prominent U.S. lobby groups, such as the Chamber of Commerce and the National Association of Manufacturers, will be key to resisting protectionist policies. We’ll also work closely with pro-trade U.S. legislators to underscore Canada’s strategic economic importance.

Together, these initiatives form the backbone of our strategy—ensuring that our trade relationship with the U.S. remains robust, adaptive, and mutually beneficial. Next, we will explore how bolstering our domestic economy plays a pivotal role in this comprehensive trade strategy.

Slide 7:

Let’s now look at the tangible outcomes we expect from these initiatives. First, by preempting tariff shocks, we secure continued U.S. market access, keeping our trade channels open and stable.

This strategy strengthens Canada’s position as an indispensable trade partner to the U.S., reinforcing our vital economic bonds. Moreover, it ensures stability for our export-dependent industries—particularly in auto, energy, and manufacturing—so they can operate with confidence even in volatile times.

In essence, these outcomes not only shield us from sudden disruptions but also solidify our economic resilience. With our U.S. market secured, let’s now turn our attention to strengthening our domestic economy—the next crucial pillar of our comprehensive strategy.

Slide 8:

Now, let’s shift our focus inward. Building a strong domestic economy is essential for our long-term resilience. Right now, Canada’s internal market is too fragmented—interprovincial trade barriers are limiting the flow of goods and services, and this fragmentation creates vulnerabilities.

When our domestic supply chains are limited, we become overly reliant on the U.S. market. By strengthening internal trade, we not only reduce this fragmentation but also weave a more integrated national economy. Enhancing our industrial self-sufficiency acts as a critical buffer against external economic pressures—protecting our industries from shocks beyond our borders.

In short, a robust domestic economy is the backbone that supports our entire trade strategy. With a stronger internal foundation, we can confidently pursue our external trade ambitions. Up next, let's explore how we plan to diversify our foreign trade to further secure Canada's economic future.

Slides 9 -10

Building on our focus to fortify Canada's internal market, let's now detail the initiatives that will create a robust, self-reliant domestic economy—one that not only supports growth but also buffers us against external shocks.

First, eliminate interprovincial trade barriers.

We propose launching a Federal-Provincial Trade Integration Fund to incentivize provinces to align their regulations. At the same time, streamlining cross-provincial labor mobility and goods transportation will boost internal economic growth by knitting our markets closer together.

Then, develop national supply chain resilience and infrastructure.

Leveraging AI-driven supply chain monitoring, we aim to reduce our overreliance on U.S. suppliers. Complementing this, strategic investments in logistics hubs and port expansions will enhance trade efficiency with partners beyond our immediate neighbor.

Furthermore, we can create a trade protection fund for Canadian industries.

By establishing a government-backed fund, we can shield our industries from sudden tariff impositions. Coupled with low-interest loans and targeted tax incentives, this initiative encourages businesses to diversify their supply chains away from U.S. dependence.

And lastly, incentivize Canadian-led advanced manufacturing and clean tech.

We will drive innovation in sectors such as AI, EV battery production, and renewable energy by offering robust R&D incentives. Expanding government partnerships with private investors in these critical industries will further solidify our competitive edge.

Each of these initiatives works in concert to reduce economic fragmentation, enhance internal trade, and build industrial self-sufficiency. Together, they form the backbone of a resilient domestic economy—a foundation upon which we can confidently pursue broader trade diversification.

Now, with a stronger home front, we're ready to turn our attention to the final pillar of our strategy: diversifying our foreign trade to capture long-term growth opportunities.

Slide 11

Now, let's envision the tangible benefits of a strengthened domestic economy.

First, by eliminating internal trade barriers, we reduce our vulnerability to U.S. protectionism—fortifying our economic independence.

Second, removing trade inefficiencies between provinces will boost GDP growth, as smoother interprovincial commerce unleashes the full potential of our markets.

Third, expanding domestic supply chain capacity decreases our reliance on imports, creating a more self-sufficient and resilient industrial base.

These outcomes are the bedrock of a robust Canadian economy—one that drives sustainable growth and stands resilient against external pressures. With our domestic strength secured, we are better prepared to capture new opportunities on the global stage.

Slide 12

Let's now shift our focus to the final pillar of our strategy: diversifying foreign trade. Today, over 75% of Canada's exports flow to the U.S.—a concentration that creates high trade vulnerability. This heavy reliance significantly increases our economic risk, as any disruption in the U.S. market could ripple through our entire economy.

By expanding into alternative markets, we can enhance our economic stability. Diversification not only reduces trade risks but also strengthens Canada's global trade position, paving the way for our presence in key, emerging industries. Ultimately, this strategic shift boosts our competitiveness on the world stage.

With a clear understanding of why diversification is essential, we are now ready to explore the specific initiatives that will open new markets and drive sustainable growth for Canada.

Slides 13 & 14

Looking to the initiatives that will broaden our horizons and reduce our overdependence on the U.S. market, our strategy here is built on four dynamic initiatives:

First, we aim to strengthen our Indo-Pacific and EU trade partnerships.

We will expand our CPTPP agreements by deepening cooperation with Japan, South Korea, and Vietnam. At the same time, we plan to finalize and fortify trade agreements with Mercosur and ASEAN nations, and secure a Canada–India free trade agreement to tap into the high-growth South Asian markets.

Second, we plan to invest in green energy and AI trade expansion.

By developing a 'Green Trade Diplomacy Strategy,' we'll position Canada as a leading global supplier of clean energy, critical minerals, and AI-driven technology. This initiative also focuses on attracting investments from the EU and Indo-Pacific regions into our clean tech sector.

Also, we will strengthen digital trade and expand our financial services.

Negotiating Digital Trade Agreements with partners in the EU, ASEAN, and the Indo-Pacific will facilitate smoother trade in AI, finance, and e-commerce. Furthermore, we intend to expand trade in cutting-edge services like quantum computing and blockchain-based finance.

Overall, we must build long-term trade infrastructure.

Expanding Canadian ports and high-speed rail systems will support increased trade with non-U.S. markets, while investments in automated customs processing and AI-driven logistics management will streamline our operations.

Together, these initiatives not only diversify our foreign trade but also solidify Canada's competitive stance on the global stage. This multifaceted approach is designed to unlock new opportunities, reduce risk, and position our economy for sustained growth.

Slide 15

By broadening our trade horizons through diversification strategy, we reduce our reliance on U.S. markets and secure Canada's position as a true trade leader on the global stage.

This strategy expands our access to high-growth international markets—from the Indo-Pacific and EU to Latin America—unlocking new avenues for economic opportunity.

And finally, by investing in green energy, AI, and digital services, we position Canada as a global leader in these critical, future-oriented sectors.

In sum, these outcomes not only mitigate risk but also pave the way for a more resilient, dynamic Canadian economy ready to thrive in the evolving global marketplace.

Closing

In closing, our three-front strategy is not just an option—it is a critical imperative for Canada's long-term prosperity. By safeguarding U.S. market access, building a robust domestic economy, and diversifying our foreign trade, we lay the foundation for both stability and sustainable growth.

Now is the time for decisive action. Canadian policymakers and business leaders must seize these opportunities to strengthen our global trade position and secure a brighter future for our nation. Let's move forward with determination, innovation, and the confidence that together, we can transform challenges into lasting prosperity