

# Canadian government seeks to placate Trump following NAFTA comments

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Sharply critical comments on Canada's trading practices by US President Donald Trump this week prompted a conciliatory response from Prime Minister Justin Trudeau, whose Liberal government is doing all it can to deepen Canada's strategic partnership with the US. At the same time, harsher remarks by David MacNaughton, Ottawa's ambassador in Washington, indicate the presence of tensions between the two countries on renegotiating the North American Free Trade Agreement (NAFTA).

Trump targeted Canada in a speech Tuesday in the border state of Wisconsin, where he signed a reactionary "Buy American, Hire American" executive order. "We're going to stand up for our farmers," Trump said, because in "Canada, some very unfair things have happened to our dairy farmers... It's another typical one-sided deal against the United States. And it's not going to be happening for long."

The immediate trigger for Trump's comments was complaints from American farmers about a new protectionist law adopted in Canada which provides incentives for businesses to purchase ultra-filtered milk, a concentrate used in yoghurt and cheese, from Canadian producers. American farmers' organizations have also long demanded the abolition of Canada's supply management system, which restricts production levels by farmers and market access so as to guarantee prices.

But Trump linked the dairy issue to the broader question of renegotiating NAFTA, stating Thursday, "NAFTA, whether it's Mexico or Canada, it's a disaster for our country." Insisting that problems existed in the Canadian timber and energy sectors as well, Trump went on to warn, "We can't let Canada or anybody else take advantage and do what they do to our workers and to our farmers."

The comments came as he signed an executive order calling for an investigation into foreign steel imports into the United States. While this is primarily aimed at Chinese imports, Canadian businesses fear that they will also be impacted.

This appears to mark a hardening in Trump's stance, which had previously been to focus his fire on Mexico while

describing the changes in trading relations being sought with Canada as mere "tweaks."

Trudeau responded in a Bloomberg interview by stressing that his government was seeking to negotiate a new deal with Washington to secure the privileged access enjoyed by Canadian big business to the US market, which is the destination for some three quarters of the country's exports. "We're not going to overreact," Trudeau said when asked about Trump's demand for changes to NAFTA. "We're going to have substantive conversations about how to improve the situation."

Trudeau added on Trump, "As politicians we're very much trained to say something and stick with it. Whereas he has shown if he says one thing and then actually hears good counter-arguments or good reasons why he should shift his position, he will take a different position if it's a better one, if the arguments win him over."

This was an unmistakable allusion to Trump's embrace of a confrontational approach to Russia, especially in the wake of his missile strike on Syria, following a months-long virulently anti-Russia campaign waged by the Democrats, the military and intelligence establishment, and the corporate media in the US. The Trudeau government made no secret of the fact from the outset that they supported a maintenance of the hardline stance towards Moscow begun under the Obama administration.

The Canadian ruling elite has devoted substantial resources to ensuring the maintenance and deepening of Canada's economic and strategic partnership with its southern neighbour. Reflecting the bipartisan character of the full court press mounted by the government, Trudeau called upon former Progressive Conservative Prime Minister Brian Mulroney, who is a personal acquaintance of Trump, to act as an adviser on how to deal with the new administration. Last month, Mulroney even attended a government cabinet meeting.

Billions in corporate profits are at stake. Canada's auto and autoparts sector in particular relies on cross-border exchanges of parts and components in the production

process, while 99 percent of Canadian oil exports flow south of the border.

Canada's corporate elite has broadly welcomed Trump, seeing his right-wing program of deregulation and tax cuts as offering a boost to profits. Service sector CEOs surveyed by financial website BNN in its C-Suite poll of Canada's top executives recently cited Trump's plans for corporate and personal tax cuts, elimination of business regulations and Trump's pro-business stance as the most important reasons for optimism.

With his criticism of supply management, Trump is kicking at an open door. Substantial sections of the Canadian ruling elite favour the abolition or at least the loosening of the supply management system. Calls have been made for Ottawa to use supply management as a bargaining chip in NAFTA negotiations.

The extensive economic reliance of Canadian imperialism on a close partnership with the United States has seen Canada participate in virtually every US-led war of aggression over the past quarter century, from the bombardment of Yugoslavia to the invasion of Afghanistan, the air war on Libya and the current Mideast war in Syria and Iraq. Canadian military forces are key allies in the US military build-up against Russia in Eastern Europe and the Baltic.

Nonetheless, Trump's latest comments have prompted renewed expressions of concern from Canadian officials. International trade lawyer Lawrence Herman warned that aggressive NAFTA negotiations were likely that would cover a wide range of economic areas. Businesses also feared that the "buy American" provisions could exclude Canadian firms from bidding for various projects in the US that have been open under NAFTA.

MacNaughton, in a letter to governors in New York and Wisconsin, replied to Trump's criticism of the Canadian dairy industry by stating, "The facts do not bear this out." He added that Canada was not responsible for the problems in the US dairy sector.

While the Liberal government would prefer to reach a deal with Washington, it has already indicated its readiness to adopt its own protectionist measures in retaliation for policies imposed by the US. A government memorandum obtained by the *National Post* last month showed that the Liberals were considering banning US iron. Herman, in comments to the *Post*, stated that Canada should respond "as aggressively as we possibly can."

In seeking to avert such an outcome, the Liberal federal government has received the support of provincial governments, including Alberta's New Democratic Party (NDP) government led by Rachel Notley. While the federal NDP disingenuously posed as critics of Trudeau's refusal to

challenge Trump on even some of his most controversial and reactionary policies, Notley became the first provincial leader to travel to Washington in late February. She received praise from the right-wing press for her role in developing business ties with the new administration as part of "team Canada."

Notley's wish was granted March 24 when Trump approved the construction of the Keystone XL pipeline, which will enable Canadian companies to transport their tar sands oil to the Gulf of Mexico.

The trade unions, on both sides of the border, are collaborating closely with the US and Canadian governments to impose stepped-up exploitation on workers and encourage the nationalist divisions being fostered by protectionist trade measures. Leo Gerard, the head of the United Steelworkers, which has members in both the US and Canada, was one of Trump's invited guests at the event Thursday where Trump signed the order targeting foreign steel products. This is in keeping with the union bureaucracy's enthusiasm for Trump's right-wing "America first" protectionism, which will see a further onslaught on workers' wages and conditions in the name of making American businesses more competitive.

In Canada, the unions are collaborating closely with government efforts to bolster corporate profits. After ramming through wage-cutting contracts at the Detroit three automakers last year, Unifor officials including president Jerry Dias joined Trudeau and Ontario Premier Kathleen Wynne at Ford facilities in Windsor last month to announce over \$200 million in government subsidies to the giant automaker, which raked in some \$10 billion in profits last year.

At the same time, Unifor and other unions have sought to whip up nationalist sentiment among the workers so as to keep them divided from their fellow workers in the US and Mexico. Dias has welcomed Trump's move to reopen NAFTA, claiming that it would offer the chance for Canadian interests to be strengthened and for jobs that have gone to Mexico to be brought back to Canada.



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