Queen’s Trade Policy Institute
Modernizing Trade: North American Economic Integration

October 2017
The Trade Context

• Trade negotiations and agreements have become more routine and generally less controversial in Canada
  – The overall narratives of globalization and the benefits of freer trade have been normalized
    • Controversy is now about specific trade offs, sectors (and companies) that may require protection (substantively or politically) or suffer damage
  – There is increasingly in Canada a public presumption of both the likely success and the future benefits
  – NAFTA 2.0 sets up an interesting set of dynamics
    • Increasing team approach in Canada
    • Higher level of skepticism in the U.S. than Canada – and other “wild cards”
Public Attitudes Toward NAFTA

- In Canada in November 1993 (Angus Reid)
  - 43 percent were in support of entering NAFTA, 46 percent opposed
- In Canada in December 2016
  - Seven in ten (71%) Canadians support Canada being in NAFTA; 40% believe that Canada has benefited
    - Canadians whose income is $60,000 and higher (82%)
    - Residents of Quebec (80%)
    - Those who have completed university degrees (77%)
    - Canadians aged 18 through 34 (75%)
- In the U.S., there is an inverse relationship between support for NAFTA and age – 73% of those 18 – 29 support NAFTA v. 34% of those 50 – 64%
Public Attitudes Toward NAFTA

The North American Free Trade Agreement, or NAFTA, has been a ____ thing for our country.

<table>
<thead>
<tr>
<th></th>
<th>Bad</th>
<th>Good</th>
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<tbody>
<tr>
<td>Canada</td>
<td>17%</td>
<td>74%</td>
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<tr>
<td>Mexico</td>
<td>33%</td>
<td>60%</td>
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<tr>
<td>U.S.</td>
<td>39%</td>
<td>51%</td>
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Source: Spring 2017 Global Attitudes Survey. Q16. PEW RESEARCH CENTER
Public Attitudes Toward NAFTA

Republicans' Support for NAFTA Declines

% Good for the U.S.

- Republicans
- Independents
- Democrats

GALLUP
Canada is Ready and Engaged

• Learned lessons from CETA – though conditions were different
• The focused Pan-Canadian approach
  – Multi-party (at least initially)
  – Multi-government – and horizontal
  – Machinery of government tools wisely engaged
  – Labour, business, wide range of stakeholders consulted early
  – 25 negotiating ‘tables’ + sectorial tables + Minister’s Advisory Council + Formal Canada Gazette
  – Use of social media, graphics
  – Carefully managed narrative – “we will not negotiate in public”

• Canada has remained steady through the Trump curve balls – in person, through emissaries, in social media
  – The U.S. trade team is a different story
Communications Context

- Managing communications and consultation processes are often the key to policy and political success.
- Narrative has become the driver of political persuasion tactics:
  - The battle for narrative control characterizes most controversial issues.
  - In much the same way that control of the “ballot question” often dictates vote choice – as we are seeing in the current federal election.
- Control of narrative or “framing” allows governments to position an initiative in a way that promotes public acceptance, if not approval.
- Once a frame is “set”, it becomes hard to change for either side in a debate:
  - Further discussion is often ignored as routine “noise” of government.
- Sometimes not communicating can avoid the wrong frame settling in:
  - Deprives debate of concrete substance and hence real “oxygen”
Spheres of Interest

• There are multiple domestic spheres of interest and influence to be considered in the trade negotiation context
  – With varying degrees of access to consultation, input and information
• The insiders (consult and influence):
  – Government policy makers and decision makers
  – Provinces
  – Sectoral voices
  – Industry associations and increasingly, individual companies
• Outside stakeholders (inform and communicate):
  – Adhoc coalitions/alliances for interests like environment, labour
  – Permanently oppositional voices
  – Media
  – “Involved Canadians”
  – The general population
The Narrative Framework

• Many stages that require ‘narrative’ management
  – The decision to seek an agreement and the launch of negotiations
  – The ongoing domestic consultations with “Insider” stakeholders
  – The final stages of negotiations with the potential treaty partner(s)
  – The announcement of an agreement in principle
  – Drafting of the final text
  – Final approval and ratification (including political process)
  – Implementation

• Each involves careful consultations and communications planning
  – With differing “key messaging” or main narrative constructs
  – Different information requirements and stakeholder outreach
Crossing the Threshold

• Where policy crosses into the public sphere, government no longer has control of the narrative
• Politics are relevant (especially with election dynamics)
• Macro story lines define public space
  – Broader context matters
  – Define your narrative before it defines you
  – Pace of interest and need for response changes
  – Better if pre-positioned to understand underlying issues or trade-offs
• Third parties become more influential, particularly with social media, requires coordination within government
• Scope of the issue and other external factors will define the duration of the communications window
Some Final Observations

• Communications and consultation are core to strategy, not an after-thought
  – An integrated part of policy-making – and politics
• NAFTA 2.0 is being considered on entirely different terrain
  – Support for NAFTA is broadly held, opposition is localized and in the U.S., political
• CETA offered many lessons but NAFTA lives closer to home so engagement will be more passionate so:
  – Learn the art of managing expectations
  – Know your audience, anticipate the next stage of the process
• Has natural phases and different spheres of influence
  – Requiring different tools at different times
• Be adaptive, flexible with an eye on the end game