

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”

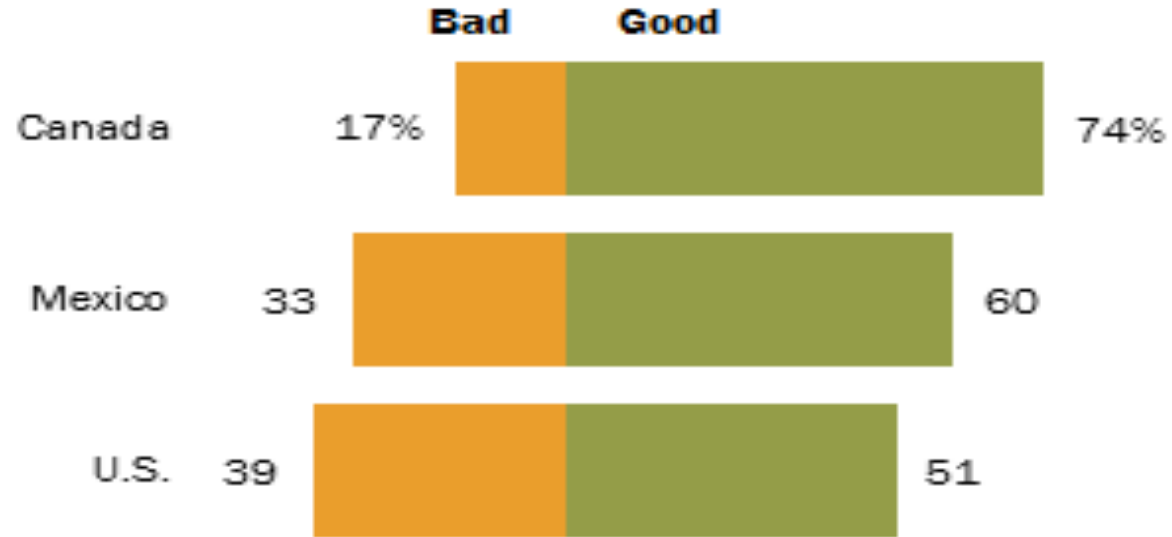
Public Attitudes Toward NAFTA

- 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

U.S. most negative on NAFTA

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



Source: Spring 2017 Global Attitudes Survey. Q16.

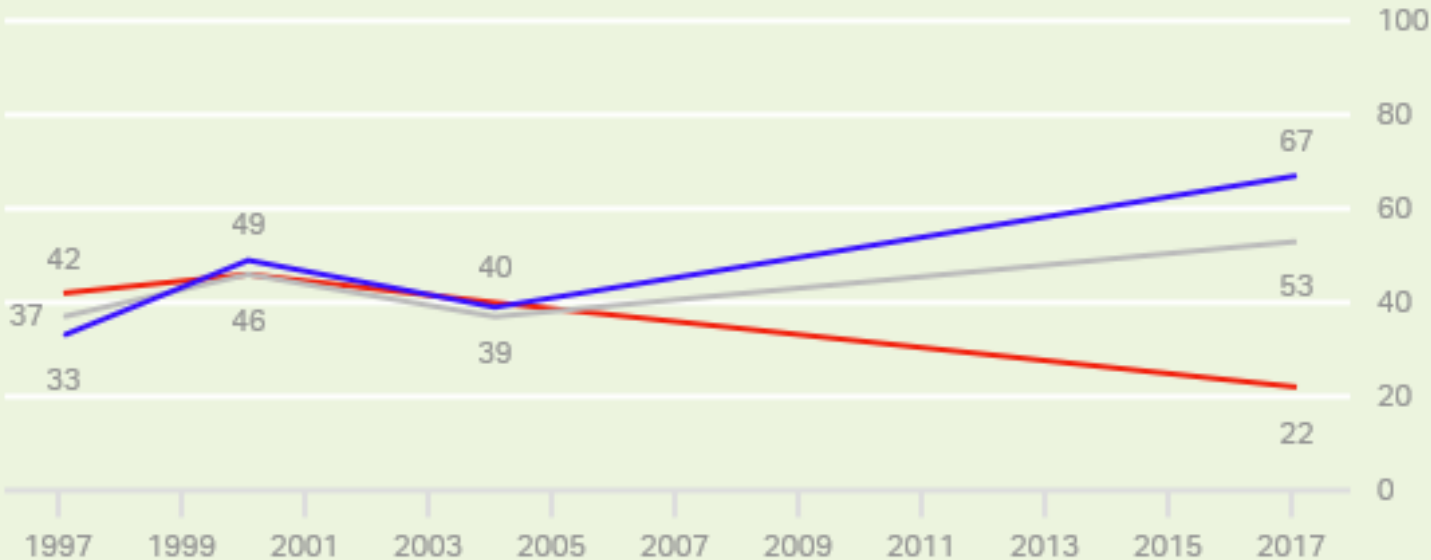
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Public Attitudes Toward NAFTA

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