

# How Will Donald Trump's Win Impact Canada?



**Canada's relationship with the United States is so vital that every election south of the border inevitably impacts our country and, especially, our economy. Now that Americans have chosen their 47th president, let's examine the challenges and opportunities that we might expect while Donald Trump is in office.**

As Canada's former ambassador to the United States, I had the privilege of witnessing firsthand the deep ties that unite our countries. I was also able to see why this multidimensional and asymmetrical relationship is, by far, our most important one. It impacts EVERYTHING that we do. Our standard of living is highly dependent on our trade with the United States—approximately 77% of our total exports go to the U.S. market. Over 300,000 people cross our border every day of the year.

During the recent U.S. election campaign, the Canadian government organized a "Team Canada" delegation composed of Kirsten Hillman (Ambassador to the U.S.), François-Philippe Champagne (Minister of Innovation, Science and Industry) and Mary Ng (Minister of Export Promotion, International Trade and Economic Development). The delegates visited several American cities, with a view to meeting members of the Democratic and Republican parties expected to play a key role in the new administration. This non-partisan approach was all about explaining our interests and reminding the United States of the importance of the relationship between our countries.

## **Transforming Economic Challenges Into Opportunities**

Now that the results of this historic election are in, what more can we do until President-elect Trump is sworn in and officially takes office on January 20, 2025? What should Canada's strategy be to deal with a new administration that is moving toward greater protectionism?

During the campaign, Donald Trump talked about new tariffs on all imports into the U.S. Will he put his words into action? Will he use the threat of these tariffs as a negotiating tool in other policy areas? Will the reductions to income and other taxes promised by the Republicans make Canada less competitive? Will trade irritants such as the softwood lumber dispute and supply management persist? How will the review of the Canada-US-Mexico Agreement (ACEUM/CUSMA) scheduled for 2026 play out? These are all outstanding issues that could cause economic upheaval in Canada by hitting sectors like aerospace, automotive, aluminum, wood, agriculture and food products particularly hard.

While tariffs imposed by the U.S. are certainly a serious challenge with repercussions that should not be underestimated, they could also provide an opportunity for Canada if they serve as a catalyst for improving our productivity vis-à-vis other countries. We have some catching up to do in this area and the next few years will be critical. With a general election on the horizon in Canada, Prime Minister Justin Trudeau is offering assurances and says he is ready to work with Mr. Trump. As for Pierre Poilievre and the Conservative Party, they are pledging to introduce a number of measures to protect Canadian jobs, such as income tax cuts and cancelling the Liberal plan to raise the carbon tax.

## **Unpredictable and Dangerous Geopolitical Context**

The numerous economic issues highlighted are arising during a time of major changes in the international sphere. The global alliances and world order that we have known since the end of World War II in 1945 are being tested by several countries, such as China and Russia. Meanwhile, international law is increasingly disregarded, especially in military conflicts, as the power and influence of the United Nations weakens.

Three major conflicts are currently being waged in the world. The conflict between Israel and Hamas/Hezbollah, which has now spread to Lebanon and Iran, has the potential to ignite the entire Middle East and, as a result, impact oil prices. The conflict between Russia and Ukraine has already cost the lives of hundreds of thousands of people, and the foreseeable drop in U.S. aid to Volodymyr Zelensky's troops is causing Europe to fear the worst. Finally, the civil war in Sudan has led to the deaths of hundreds of thousands of its citizens and threatens both Sudan and neighbouring Ethiopia with the worst famine since 1968. In addition, one must not overlook the increasing tensions between North Korea and South Korea as well as between China and Taiwan. These conflicts may have international repercussions, and it's against this backdrop that we will have to adapt our relationship with the United States.

As if that were not enough, the rapid implementation of artificial intelligence and the issue of climate change will have to be considered in our relations with other countries. On that note, Donald Trump plans to repeal some existing U.S. environmental regulations. This controversial decision would create a significant disparity between our two countries, which would make Canadian businesses less competitive because they are subject to stricter standards.

## **Defence, Immigration and Other Policy Areas to Be Monitored**

To start, I expect that Canada will face increased pressure from the United States to spend more on North American security and defence. We will be regularly reminded that we are one of only a few NATO countries that has not yet met its pledge to commit 2% of its GDP (gross domestic product) to defence spending. Although he overtly questions the relevance of NATO, Donald Trump went so far as to state that countries that do not contribute their fair share to NATO's budget should no longer benefit from the protection of the Transatlantic Alliance.

Given both Russia's and China's increasing interest in the Arctic, Canada would have difficulty in protecting and defending its sovereignty in that region on its own. For far too long, successive governments in Ottawa have taken it for granted that the United States would come to Canada's defence if our security was threatened. However, this is no longer the case. Americans no longer want to be the world's police and are seeking a better balance in managing this responsibility.

With regard to natural resources, Canada is seen as being too slow in issuing permits

to develop its mining activities, which discourages U.S. investors. Drinking water policies will also have to be monitored. In the near future, the sharing of water in North America could become a sensitive issue. Since Canada has 20% of the world's drinking water supply, this could become a highly charged topic.

Lastly, issues regarding immigration, asylum seekers and refugees will undoubtedly become of increasing importance in our relationship with the Americans. For example, consider the recent sharp increase in the number of refugees entering the United States through our border, particularly from Mexico and India, but also from other countries. Well aware of this reality, the U.S. Congress has complained to the Canadian Government and the new administration may intensify pressure. Moreover, Donald Trump's massive plan to deport 10 million illegal immigrants could trigger significant migration to Canada. This would come at a time when our government is trying to reduce permanent resident targets and stop the massive influx of asylum seekers we have experienced over the last years.

## **An Intense Campaign That Divided Americans**

Despite the importance of this election, people in the United States and the rest of the world have, unfortunately, had to witness an extremely divisive campaign that has left American society questioning its own values. It was perhaps the most populist campaign in recent memory. The 78-year-old Republican candidate's decisive victory over 60-year-old Democrat Kamala Harris will, however, facilitate his second term in office. Having won the popular vote and the Electoral College vote, Donald Trump will be back in the White House, stronger and more determined than ever. The Republican Party will also have control of the House of Representatives and the Senate, and significant influence on the Supreme Court.

Canada will once again have to negotiate with a Trump administration, which has taken contradictory positions during the campaign. We will have to wait and see how much influence Trump's inner circle, made up of his most loyal supporters, will have. Consider, for example, Elon Musk—the wealthy businessman behind SpaceX, Tesla, and social network X, who actively contributed to his campaign—who has been appointed to lead the new Department of Government Efficiency. As the Canada-U.S. relationship evolves, Canada will have to begin conversations with several of the new appointees, in particular, Marco Rubio as Secretary of State, Howard Lutnick as Secretary of Commerce and Tom Homan as head of the agency responsible for border control and immigration.

When all is said and done, Mr. Trump's proposed policies are raising concerns among key U.S. trading partners, notably Canada. Our country has a major advantage, however, since the Americans rely on our exports (electricity, raw materials and strategic minerals) to ensure their economic development.

## **A Win-Win Relationship for Both Countries**

When I left Washington in the fall of 2000, before beginning my term in Paris, I felt that as Canadians, we were very fortunate to have the richest and most powerful country on the planet as our neighbours to the south. I also thought that the United States was equally fortunate to have Canada as its northern neighbour—a rich, peaceful, socially advanced country, in short, consistently one of the best in the world. I still truly believe this.

Canada and the United States have always had and will continue to have a win-win relationship. That is why, regardless of the challenges, I am confident that we will find solutions, just as we have always done, that enable our nations to prosper and collaborate, while acknowledging and respecting our differences.

*The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.*

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