

Submission by the Government of Manitoba to the Government of Canada on consultations on measures to advance and defend Canada's economic security interests.

Guaranteeing our Freedoms through Trade

Today, Canadians are living in volatile, and complex times. Every day, the people of this country are grappling with a future that feels increasingly difficult – hindered by higher inflation, higher interest rates, and higher risks, with climate and geopolitical changes.

These challenges threaten the very freedoms we have long been told were a guarantee as citizens of this country: the freedom to work hard and get ahead, the freedom to breathe in clean air and drink clean water, the freedom to build a good life and pass it on to our children. These are freedoms our democracy should guarantee, but democracy is under threat. State and non-state actors here and beyond our shores continue to attempt to sow division and undermine our democratic process, spreading misinformation and disinformation wherever they can.

In the face of these threats, our political leadership must think strategically and take deliberate action. In this moment, we can work together within Canada to unlock our potential, to become a leader in the global economy, to strengthen our security, and deliver those freedoms to Canadians today and tomorrow.

Advancing and defending Canada's economic security

Our supply chains are central to advancing and defending Canada's economic security interests. Supply chain interruptions can bring a country's economy to its knees. The pandemic showed us just how vulnerable countries without a strong manufacturing base in strategic industries can be when facing a supply chain disruption. Climate disasters, too, revealed serious vulnerabilities. These supply chains were designed to maximize profit in a different geopolitical climate. We must adapt to our current and future reality.

In our time, these supply chains must be redesigned to protect against adverse climate and geopolitical events. Innovation in both the public and private sectors is needed to build this resiliency without imposing undue costs on businesses and consumers.

Investment in the development of strategic infrastructure is critical to this objective. When adverse events block access to existing important Canadian export terminals, suppliers should have alternate paths to market for Canadian goods, like the Port of Churchill. This arctic port is an excellent candidate for additional investment, as an access point to global markets for critical minerals from Canada's North and agricultural goods from the West, among others. With smart management and investment, the Port of Churchill can stand ready as a complimentary path to market when other significant trade routes are challenged in the future.

We must work closely with our allies to build and maintain supply chains which provide on-time delivery of the goods and services required to support a modern, low carbon economy, with clean affordable energy, and the access to critical minerals and other raw materials needed to make these goods.

As Canada advances and defends our economic security interests, we must also maintain the courage to call out economic actors using unfair labour and environmental practices to dominate strategic industries. This is not an exception to, but a fundamental part of, Canada's advocacy for a rules-based international order. As a trading nation, Canada's prosperity depends on a system of rules and institutions to provide predictability and stability for international trade and investment. These rules must be fair to workers and sustainable for the planet if they are to stand the test of time.

We must take care that our legitimate desire to maximize the benefits of international trade do not make us overly vulnerable to decisionmakers in other countries that do not share our belief in freedom, democracy, and the rule of law. We must have an economic strategy that protects our freedom to support good union jobs and adopt sound environmental policy.

Protecting Canadian workers in critical manufacturing sectors from unfair trade practices

The recent decision to join the U.S. in levying a 100 per cent surtax on all Chinese-made electric vehicles (effective Oct. 1) as well as a 25 per cent surtax on imports of steel and aluminum products from China (effective Oct. 15) is an example of Canada seeking to work with our allies to protect Canadian workers in some sectors from unfair trade practices. Canada must be prepared to do more of this as circumstances warrant, including by supporting the workers and sectors threatened by retaliatory trade sanctions.

Protection for some should not mean hardship for others. Canada needs to minimize trade-offs between industries and regions during trade disputes to maintain a strong economic future for everyone in this country. We must work with and support the farmers, the business owners, and workers whose livelihoods are hurt when other countries retaliate.

China's recently announced anti-dumping investigation into canola imports from Canada is a case in point. To protect producers and the prairie economy, we must work together to tell the story of Canada's fair and competitive canola industry and be prepared with measures to support workers on the ground – and this kind of support cannot wait for a time of crisis. Here in Manitoba, with our strong, growing canola industry, we are engaging with other international leaders to ensure our trade partnerships are diversified to reduce future risk.

Ongoing planning at the federal level to diversify our export markets for key agricultural and manufacturing products is important to reduce the political exposure of significant export industries. This requires investments in, among other things, infrastructure and marketing to offset the economic impacts of retaliatory measures by China or others.

For Canada to leverage our critical minerals and natural resources for the economic success of ourselves and our allies, we must use a strong foreign investment review mechanism to ensure foreign acquisition of land, resources and companies is in line with our national priorities and security. There must be a strategy to ensure timely, effective reviews, including revisiting approval of foreign ownership when new threat environments warrant.

Industrial strategies for key sectors should be developed in collaboration with provincial, local, and Indigenous governments, industry, and labour. With this approach, we can inform a fair and effective foreign investment review regime. Together, we can ensure federal trade action and economic investment does not unduly privilege certain sectors or regions over others.

In developing these strategies, there is an opportunity to bring Indigenous governments into the early stages of drafting the economic policies that have a direct impact on their rights, titles, and futures. Here in Manitoba, we are leading the way in this kind of partnership. We are resetting the relationship with Indigenous nations on economic development projects by developing an Indigenous Engagement Standard.

Our success in mobilizing resources to grow the economy and support our allies must include a positive relationship between government and Indigenous nations. Attempts to circumvent due process and the meaningful participation of Indigenous people will only create delays, uncertainty, and needless expense. When we normalize consultation and partnership with rights-holding Indigenous governments, we can show potential investors a stable and predictable investment climate they can find confidence in and ensure foreign interference does not reach into Indigenous communities.

Canada-United States-Mexico Agreement (CUSMA) 2026 review

The 2026 review of CUSMA is a significant inflection point for our nation's future. Canada's relationship with our southern neighbour and the economic impact that follows have been defined and redefined by trade for generations. Today, we have an important opportunity shore up this foundation for the next generation.

There can be no doubt that the United States is and must continue to be Canada's closest ally. Our nations share many core values, and, on the world stage, our interests are often aligned. With a positive trade relationship, we can continue to strengthen this partnership.

As of 2023, \$3.6 billion worth of goods and services were crossing that border every day. This trade accounts for 62.0% of Canada's imports and 72.3% of Canada's exports. In our own province, \$114.9 million goods cross our borders with North Dakota and Minnesota each day – \$51.5 million of which are Canadian exports.

The call for Canada, as a NATO ally, to meet its 2 per cent of GDP spending commitment on defense is an important element of being a stable ally and strong economic partner to the United States of America. Canada must not be excluded from important conversations among our allies about global security. Our interests must be represented at the tables where decisions are being made. Meeting our commitment to our allies on defence spending is an important part of keeping Canada at those tables.

A strong and secure Canada depends on a strong and secure Canadian North. In Canada's North, including in northern Manitoba, we are facing a substantial infrastructure deficit. This gap is already hard on northern families and threatens to impede Canada's security and economic development. More must be done, without delay. By identifying overlaps between civilian and military infrastructure needs, Canada can leverage future defense investments for multi-use infrastructure to improve the lives of northerners and gets Canada to its 2 per cent NATO commitment.

Churchill, Manitoba is well-positioned as a centre for these overlapping goals. Churchill is home to the only deepwater port in the Arctic, is connected to the North American railway system, and boasts an airport formerly part of a military installation built by the US Army. Beyond Churchill, our province plays a pivotal role in strengthening Canada's security objectives, with NORAD headquartered in our capital, Winnipeg.

Further, Manitoba is home to a robust aerospace industry. With our highly skilled workforce, we have the experience and resources to support the maintenance, repair, and overhaul associated with future defense procurement contracts as Canada looks to replace the Royal Canadian Air Force's aging equipment.

As Canada prepares for our first joint review of CUSMA in 2026, all levels of government, industry leaders and labour unions should be reaching out to partners across the border to strengthen our existing relationships. In these conversations, we must remind them of the outsized role Canada plays in their economic success.

We must also look beyond our current economic standing and on into the future. Canada is well-positioned to be a leader in the low-carbon economy – with our wealth of critical minerals and strong labour standards – we can create resilient continental supply chains while growing the economic pie across the continent.

Governments, industry, and labour should promote Canada's potential as a strategic partner in building our North American partners' future economy and raise awareness about how the details of domestic policies like "Buy America" and country of origin labelling affect larger North American supply chains.

Manitoba is already aggressively pursuing this goal, having participated in two trade missions to the United States in year one of our government's mandate. In the capitol and bordering states, our delegations of business and labour leaders aimed to build bipartisan support for our desire to build a strong, stable low-carbon economy of the future, with good jobs on both sides of the border.

In negotiating with the United States, Canada should be assertively seeking exemptions to "Buy America" policies given the mutual dependency of our supply chains. As part of that effort, Canada should look to improve its anti-circumvention regime for important production inputs like steel. Any perception in Washington, D.C. that North American trade partners can be used as a backdoor for dumping into the U.S. market threatens to tighten the border.

CUSMA's rapid response mechanism has been helpful in remediating and deterring labour rights violations, but more should be done to build on this success.

As part of the next round of negotiations, Canada should seek to enhance labour and environmental protections, with comparable mechanisms to improve environmental accountability, where firms compete on their efficiency and productivity, not on their ability to externalize human and environmental costs.

To advance the goals laid out in this submission, Canada must honour its commitments, work with its allies, and show how we can succeed together. At the same time, we must continue to invest in the strategic industries our economic future depends on – with a focus on good jobs, a clean environment and the tools governments need to stand up to actors who seek to undermine us.

Manitoba is the key to unlock this future, with our leadership in critical industries including mining and agriculture, our positive trade relationship with neighbouring states and our low carbon, affordable energy grid.

Our economic success is Canada's economic success. Together, we can ensure every Canadian is given the freedom they deserve – and to build a good life with a government that makes things better.