

IMMIGRATION

Revising NAFTA for the 21st century

Political issues aside, the economic benefits to Canada and the U.S. are significant

By Stephen Cryne

During the 2008 presidential campaign, President Barack Obama had this to say about the North American Free Trade Agreement (NAFTA): “NAFTA’s shortcomings were evident when signed and we must now amend the agreement to fix them.” During Obama’s term in office, there have been some modest improvements, under the *Beyond the Border Action Plan*, to improve the flow of goods and people between Canada and the United States.

Fast-forward to the 2016 presidential campaign and presidential candidate Donald Trump had this to say about NAFTA: “We lose with Canada — big-league. Tremendous, tremendous trade deficits with Canada. This is the worst agreement ever signed.”

So, what can be expected going forward? Let’s look at the huge importance of trade between Canada and the U.S.

Given the size of the Canadian market, a free-trade agreement is more important to Canada than the U.S. but, nevertheless, it is a significant amount of trade, and it’s especially important to U.S. states in the Great Lakes region and southwest. Every day, more than \$2 billion in trade and services pass between the two countries. The combined annual trade amounts to almost 1.5 trillion dollars, according to the U.S. Department of State.

From an employment perspec-

tive, U.S. exports to Canada support some eight million U.S. jobs, while about 2.5 million Canadian jobs (14 per cent of the workforce) are dependent on Canadian exports to the U.S., according to Global Affairs Canada.

Canada is the United States’ largest customer, and more than 400,000 people cross the border every day. In Washington State, for example, goods sold to Canada amount to more than \$23 billion per year, generating 244,000 jobs, according to the U.S. government.

In Michigan, 241,000 jobs are dependent on \$75 billion worth of annual trade with Canada. In New York, trade with Canada is almost \$34 billion per year and creates 596,000 jobs. (Trump singled out New York when he said, “New York State has been horribly, horribly hurt by NAFTA.”)

Labour mobility concerns

The movement of employees between the two countries is vitally important in supporting that trade in goods and services. As an integrated economy, we do more than make and sell things to each other; now, our companies increasingly innovate and make things together.

The NAFTA includes provisions covering labour mobility. The Trade NAFTA (TN) visa is designed to facilitate the temporary entry of workers on a reciprocal basis. The TN provision is guided by a list of professional occupations to work in Canada, the U.S. or Mexico.

One significant drawback of the TN list is it’s over 20 years old. A lot has happened in that time.

New occupations have emerged, particularly in IT, finance and health care. Only two professions have been added to the list since its inception.

This disconnect with the modern labour market hurts productivity. It creates inconsistency, delays and unpredictability for many businesses that need to mobilize employees between the two countries.

In a survey the Canadian Employee Relocation Council conducted between 2011 and 2013, involving about 75 Canadian and U.S. businesses, the resounding message was the TN visa list is out of step with existing and emerging occupations.

This is in contrast to the more contemporary approach Canada is taking on mobility provisions in agreements with its other trading partners, such as the recently-agreed-upon Canada European Comprehensive Economic Trade Agreement (CETA).

While CETA excludes key services in health care, public education and other social services, the temporary entry provisions will make it easier for highly skilled professionals and businesspeople, such as engineers and senior managers, to work in the European Union.

CETA’s temporary-entry provisions will expand on existing World Trade Organization (WTO) access by setting a framework to facilitate

temporary travel or relocation for selected categories of business persons, including short-term business visitors, investors, intracompany transferees, and professionals and technologists.

A further advantage of CETA, in comparison to NAFTA, is the inclusion of a framework for the mutual recognition of credentials. When regulatory bodies in two jurisdictions agree that the professional qualifications in each other’s jurisdictions are satisfactory, they can sign a mutual recognition agreement that allows professionals who are trained and qualified in one jurisdiction to provide services in the other.

Would it not make sense to have such arrangements in place within the North American trade pact? Political issues aside, the economic benefits of NAFTA to Canada and the U.S. are significant.

Dismantling the agreement could exact a high price on business and affect the livelihood of more than 10 million workers and their families in Canada and the U.S. alone.

NAFTA is far from the worst trade deal ever signed, but it sure could use a major makeover to the TN visa list to increase productivity and the economic benefits that go with it.

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