



Political and
Geostrategic
OBSERVATORY
of the United States

WHAT TRUMP 2.0 WOULD MEAN FOR CANADA

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While polls have shown for months that Donald Trump is the favorite to win the White House on November 5, Joe Biden is in even more trouble since his disastrous performance in last week's presidential debate¹. Canadians have noticed, and while a majority of them would like to see Biden re-elected², the opposite scenario seems most likely at this stage. What Trump's return to the White House would mean for Canada is not entirely clear, as the Republican often remains vague and deliberately unpredictable about what he would do in his second term. But we have some clues.

Given that the majority of Canadian exports are destined for the United States, and that the health of the Canadian economy is heavily dependent on access to the American market, Trump's economic nationalism would remain Canada's biggest challenge if he regained the presidency³.

During his first term, Trump often claimed that trade with Canada was hurting American workers. He imposed tariffs on Canadian steel and aluminum to protect these industries in the US, denounced Canada's trade barriers as hurting Wisconsin farmers, and demanded the renegotiation of the North American Free Trade Agreement (NAFTA) with Canada and Mexico.

These negotiations led to the signing of the new United States-Mexico-Canada Agreement (USMCA), in which Canada had to make concessions, notably by granting American farmers better access to the Canadian market. Trump may well take advantage of the moment when the US, Canada and Mexico will have the opportunity to request revisions to the agreement (date set for July 1, 2026), to try to obtain new trade concessions from Canada to the benefit of American workers⁴.

Joe Biden has also shown economic nationalism towards Canada since January 2021, in particular when he promised to rely on "Buy America" and "Buy American" measures to reserve access to government contracts for American companies in his economic recovery projects⁵. However, Trump's trade policy represents a greater challenge for Canada for at least three reasons⁶. First, he makes less of a distinction than Biden between traditional US allies

¹ Jennifer Agiesta and Ariel Edwards-Levy, "CNN Poll: Most Voters Think Democrats Have a Better Chance of Keeping White House if Biden Isn't the Nominee," *CNN*, July 2, 2024: <https://www.cnn.com/2024/07/02/politics/cnn-poll-post-debate/index.html>

² Gabriel Calugay-Casuga, "Majority of Canadians are Hoping for a Biden Win in Upcoming U.S. Election, Poll Finds," *The Globe and Mail*, March 16, 2024: <https://www.theglobeandmail.com/politics/article-majority-of-canadians-are-hoping-for-a-biden-win-in-upcoming-us/>

³ Frédéric Gagnon, "Make Geo-Economics Great Again. La géo-économie tabloïde de Donald Trump à l'égard du Canada," *Études internationales*, Vol. 52, Issue 1-2 (2021) : 51-73.

⁴ Joshua P. Meltzer and Joshua Meltzer, "USMCA Review: Upcoming Elections and a Path Forward," *Brookings*, March 6, 2024: <https://www.brookings.edu/articles/usmca-review-upcoming-elections-and-a-path-forward/>

⁵ Geneviève Dufour and Pierre-Luc Morin, "Buy America and Buy American: Can Canada Expect a Deal from the Biden Administration?," *The Canadian Yearbook of International Law*, 59 (2022) : 385-400.

⁶ Frédéric Gagnon, *op. cit.*

and strategic competitors. Secondly, his policies are not as predictable as Biden's, and he can decide overnight to target a particular sector of the Canadian economy, without any real warning. Finally, he often uses the same tools to manage trade relations with allies and competitors, with trade tariffs in the forefront.

On his campaign website, for example, Trump promises to convince the US Congress to pass the Trump Reciprocal Trade Act, which would target all countries that impose tariffs on US exports and "hit them with the same exact tariff"⁷. Trump 2.0 could thus intensify the trade wars of his first term and launch new ones against any country when deemed necessary, including Canada.

Another peculiarity of Trump's policy is that he doesn't hesitate to use these same tariffs to force US allies to make concessions on issues not directly related to trade. For example, while Canada recently announced that it would be increasing its military spending over the next few years, these new budgets will not reach 2% of national GDP, in line with the commitment made by NATO member countries⁸. Justin Trudeau – who should be in office at least until the next Canadian election in October 2025 – could announce new military investments if Trump is re-elected, to forestall criticism from the White House. But if he doesn't, Trump might impose tariffs on certain Canadian exports to force Ottawa into line with other NATO members⁹.

Trump's promises on migration and border issues also illustrate just how decisive November 5 could be for Canada. With some 11 million undocumented migrants currently on US soil, Trump plans to "carry out the largest domestic deportation operation in American history"¹⁰. Given that undocumented migrants often come from countries where their personal safety and well-being are at stake (Honduras, Guatemala and El Salvador, for example), many may be tempted to consider Canada as the best option if Trump is re-elected, in order to escape his "deportation" policies¹¹.

⁷ Donald Trump, "Agenda47: Cementing Fair and Reciprocal Trade with the Trump Reciprocal Trade Act," June 21, 2023: <https://www.donaldtrump.com/agenda47/agenda47-cementing-fair-and-reciprocal-trade-with-the-trump-reciprocal-trade-act>

⁸ Murray Brewster, "New Defence Spending Will Still Leave Canada \$6B to \$7B Short of NATO Target, Blair Says," *CBC News*, April 9, 2024: <https://www.cbc.ca/news/politics/bill-blair-nato-defence-spending-eyre-recruitment-1.7168748>

⁹ Isaac Arnsdorf, Josh Dawsey and Michael Birnbaum, "Trump Didn't Quit NATO, But a Potential Second Term Alarms Allies," *The Washington Post*, February 19, 2024: <https://www.washingtonpost.com/politics/2024/02/19/trump-nato-russia-republicans-europe/>

¹⁰ Charlie Savage, Maggie Haberman and Jonathan Swan, "Sweeping Raids, Giant Camps and Mass Deportations: Inside Trump's 2025 Immigration Plans," *The New York Times*, November 11, 2023: <https://www.nytimes.com/2023/11/11/us/politics/trump-2025-immigration-agenda.html#:~:text=In%20a%20public%20reference%20to,deportation%20operation%20in%20American%20history.%E2%80%9D>

¹¹ Craig Damian Smith, "Policy Change, Threat Perception, and Mobility Catalysts: The Trump Administration as Driver of Asylum Migration to Canada," *International Migration Review*, Vol. 57, Issue 4 (December 2023) : 1678-1709.

Canada often projects the image of a multicultural society and a welcoming country for migrants from all over the world. In recent years, however, the growing number of asylum seekers in Canada has prompted debate among Canadians about the country's ability to offer them the services and living conditions they need, particularly in the context of the housing shortage and rising rent prices that plague many Canadian cities¹². If Trump's policies generate further pressure on Canada's immigration system, it will demonstrate once again that Canada's future often depends in large part on the direction taken by its key ally.

¹² Peter Zimonjic, "Linking Immigration to the Housing Shortage May be Missing the Problem, Experts Say," *CBC News*, January 21, 2024: <https://www.cbc.ca/news/politics/immigration-housing-crisis-costs-1.7088878>

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