

As NAFTA negotiations turn tense, Canadians look beyond U.S. and across the Atlantic for future trade

Canadians tentative about trade with China; more bullish on the EU, UK

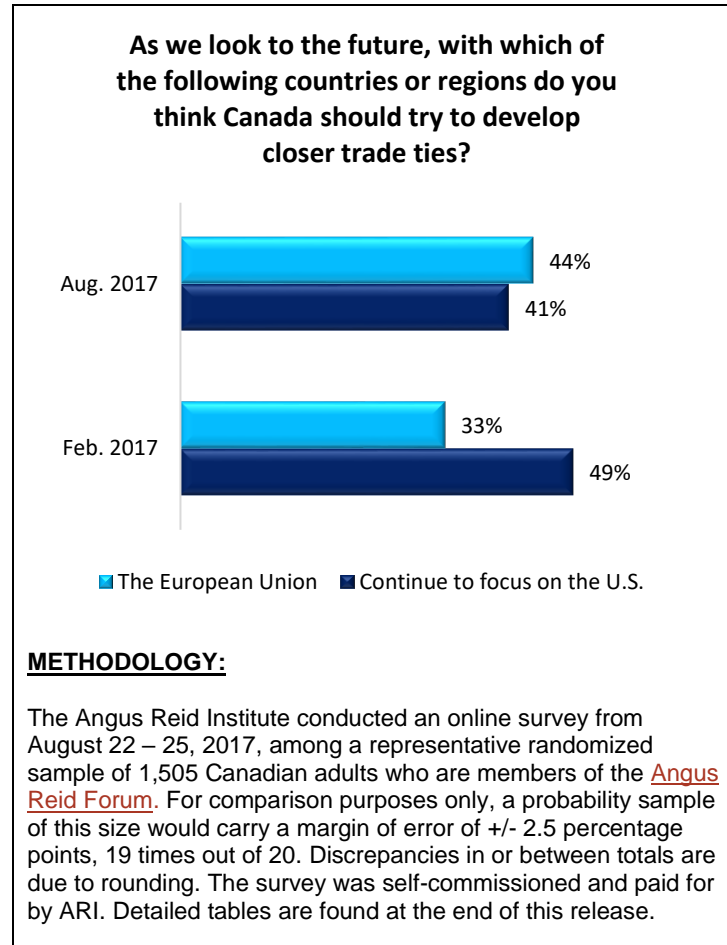
September 7, 2017 – As negotiators for Canada, the United States, and Mexico revealed this week they’ve [made little progress](#) on revising the North American Free Trade Agreement (NAFTA), the latest public opinion survey from the Angus Reid Institute finds Canadians increasingly looking to partners other than the U.S. to safeguard international trade.

In the last seven months, as U.S. President Donald Trump has repeated protectionist rhetoric and [threatened to “terminate”](#) NAFTA if current talks don’t go his way, Canadian opinion has shifted away from deepening trade ties with the United States, and toward a stronger relationship with the European Union, where a free trade agreement with Canada [was ratified](#) earlier this year.

Asked which countries or regions Canada should seek a closer relationship with, the number of Canadians saying “continue to focus on the U.S.” has fallen eight percentage points (from 49% to 41%) since February. In the same time period, the number expressing a preference for the E.U. has grown by 11 points (from 33% to 44%).

Key Findings:

- Asked to choose the countries or regions with which Canada should pursue closer trade ties, 44 per cent of Canadians opt for the European Union, while 41 per cent say this country should continue to focus on the United States. The United Kingdom – which [voted to leave the E.U.](#) last year – is next, at 29 per cent
- Canadians are divided as to which of Asia’s two largest countries – China or India – their country should put more effort into. Half (49%) choose China and half (51%) choose India. More data on Canadian views on China’s economic relationship with this country will be released next week



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- Also divisive is the question of Canada’s international competitiveness. Half of respondents (48%) think this country is “keeping up” with others, while the rest (52%) think Canada is falling behind

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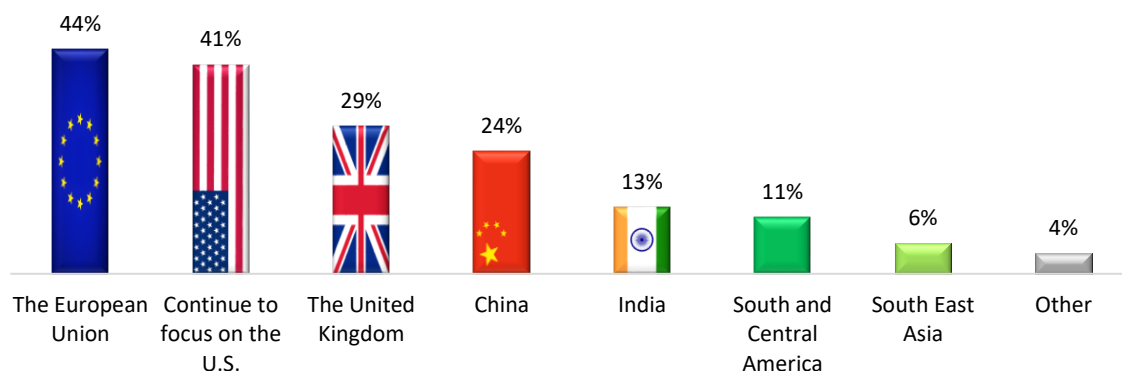
Where should Canada be developing closer trade ties?

If U.S. President Donald Trump follows through on [his threat to “terminate” NAFTA](#) and “start all over again with a real deal,” Canada will have choices to make about what it wants its trading relationships to look like in the future. Even if the U.S. doesn’t walk away from the pact that has governed trade in North America for the last two decades, there is no guarantee that the ongoing renegotiation will lead to a better deal for Canada.

Should Canada be looking to further diversify its trading partners? If so, where?

Asked where their country should work to develop closer trade ties in the future, Canadians express a preference for what they know. The European Union – where most of the Comprehensive Economic and Trade Agreement (CETA) with Canada will come into force [later this month](#) – and the United States top the list, chosen as a focus by 44 and 41 per cent, respectively.

As we look the the future, with which of the following countries or regions do you think Canada should try to develop closer trade ties? (select up to two)



The fact that the E.U. is now ahead of the U.S. as a trading partner in the minds of Canadians – when as recently as February of this year it was seen as [a distant second-choice](#) – may be the result of a combination of factors.

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Part of the change is perhaps attributable to and overall response to Donald Trump’s rhetoric. Past Angus Reid Institute polling [has shown](#) the President to be deeply unpopular north of his country’s border.

More specifically, Trump’s sabre-rattling over trade issues – including calling Canada’s supply management system for milk, eggs, and poultry “[a disgrace](#)” – may have hurt Canadian confidence in their largest trading partner. Canadians with an opinion expect their country to be “worse off,” rather than “better off,” as a result of ongoing NAFTA renegotiations [by a three-to-one margin](#).

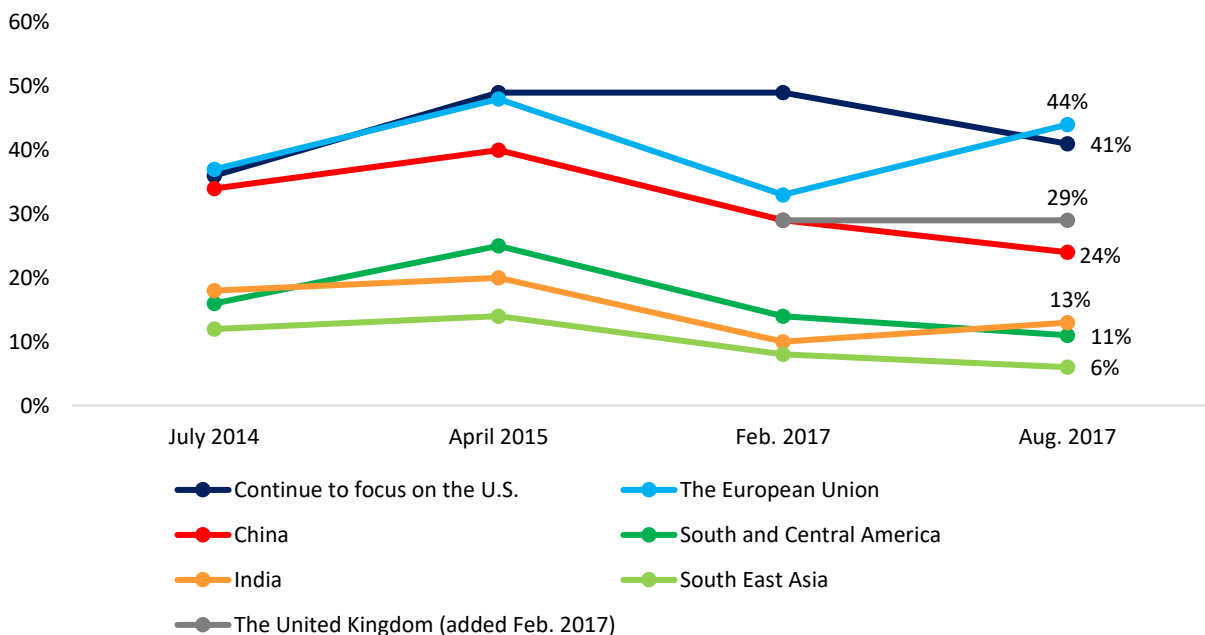
Another potential contributor to the rise in support for trade with the E.U. is the ongoing ratification and implementation of CETA. While the pact has faced delays – it was originally scheduled to come into force on July 1, but has been delayed to Sept. 21 – [past ARI polling](#) has found CETA to be quite popular with Canadians.

The United Kingdom, which has begun the process of leaving the E.U. and will soon need to negotiate its own trade deals, comes in third (29%).

The U.S., E.U., and U.K. each fare better than China (24%), where the federal government [has been courting](#) a free trade agreement in recent months.

Interest in expanded trade with China has declined since the Angus Reid Institute first asked this question in 2014:

As we look to the future, with which of the following countries or regions do you think Canada should try to develop closer trade ties?

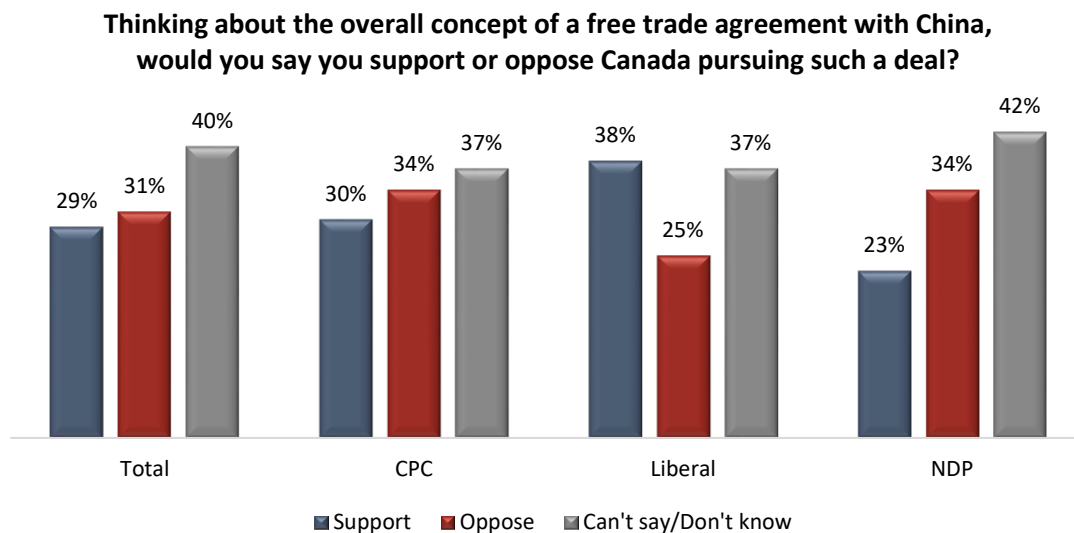


Trade with China

Even as the Trudeau government continues to hash out differences with its NAFTA neighbours, the government has also been conducting [exploratory trade talks](#) with China.

But Canadians are largely unconvinced. Just three-in-ten (29%) say they would support a free trade deal with the world's second-largest economy, but a nearly identical proportion (31%) oppose such a deal. The plurality (40%) are uncertain.

Even among those who voted for the Liberals in 2015, support for a free trade deal with China is below four-in-ten, as seen in the following graph:

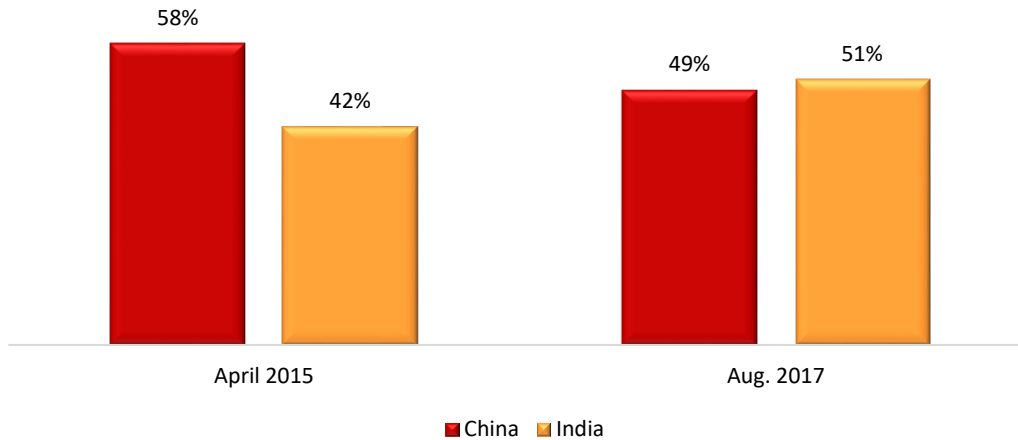


The idea of China as a focal point for Canada's trade relations may register below the U.S., the E.U., and the U.K., but the world's second-largest economy is still a preferred trading partner for roughly one-in-four Canadians (24%) – nearly twice as many as say India (13%).

When asked to choose directly between the two Asian countries with populations of more than 1 billion, however, Canadians are more evenly divided as to where their country should be putting greater emphasis.

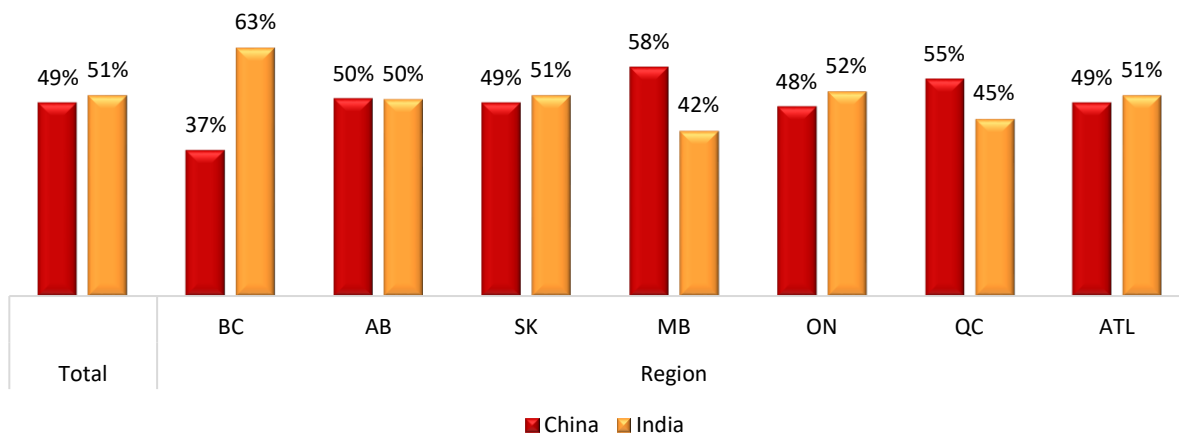
As seen in the graph that follows, half (51%) say Canada should put more effort into its overall relationship – including both trade and cultural ties – with India, while the other half (49%) prefer to focus on China. Responses to this question have shifted in India's favour since April 2015, a fact that may be attributable to media and government scrutiny of Chinese investment in Canadian [real estate](#) and [business ventures](#) in the intervening years.

When you think about Canada's overall relationships with these countries - including things such as trade, culture, diplomacy, etc., which country do you think Canada should put more effort into?



As has been the case in [previous Angus Reid soundings](#), British Columbians are more bullish on Canada's relationship with India than residents of other regions. B.C. is the province with the [largest percentage of its population](#) hailing from the subcontinent, and nearly two-thirds (63%) in the province prefer India to China on this question. No other region expresses more than 52 per cent preference for India:

When you think about Canada's overall relationships with these countries - including things such as trade, culture, diplomacy, etc., which country do you think Canada should put more effort into?



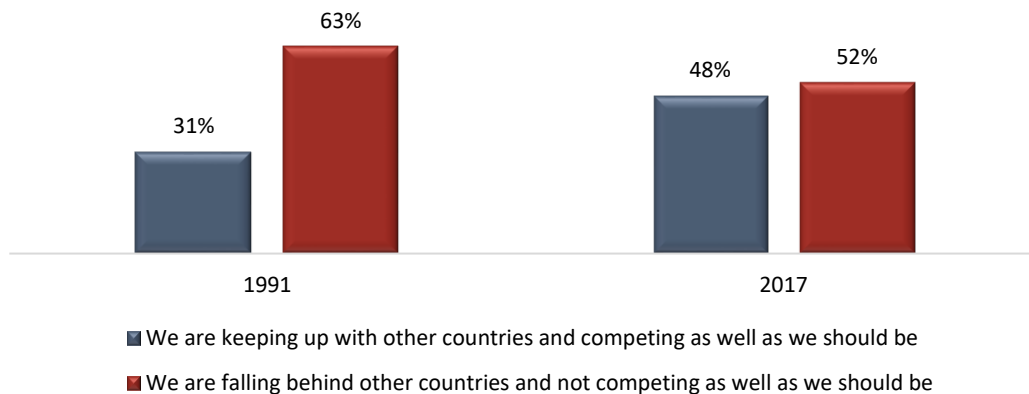
Canada's international competitiveness

Canadians are split when it comes to how they perceive their country's standing in the global economic pecking order. Indeed, almost an identical number say that we are keeping up with other countries in international trade (48%) and we are falling behind, and not competing at the level we should be (52%).

While opinions are split, these numbers are significantly more positive than when Angus Reid asked Canadians a generation ago. In 1991, the country was at the midpoint between the ratifications of the Canada-US Free Trade Agreement, and that of NAFTA, and experiencing one of the country's worst recessions. At the time, just 31 per cent of Canadians said their country was keeping up. More than six-in-ten (63%) at the time said that Canada was falling behind, while a handful said they were unsure.

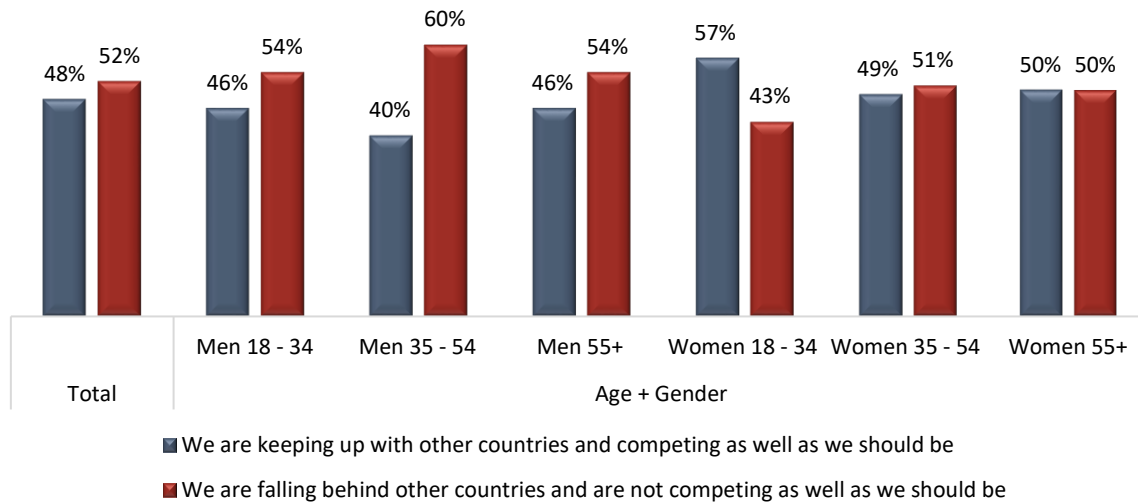
(Note, the 2017 survey question did not offer a "don't know" option, which accounted for 6 per cent of responses in 1991).

Thinking about Canada's international competitiveness, which of the following is closest to your opinion?
(Note, 1991 question offered "Don't know" and 6% chose that option)



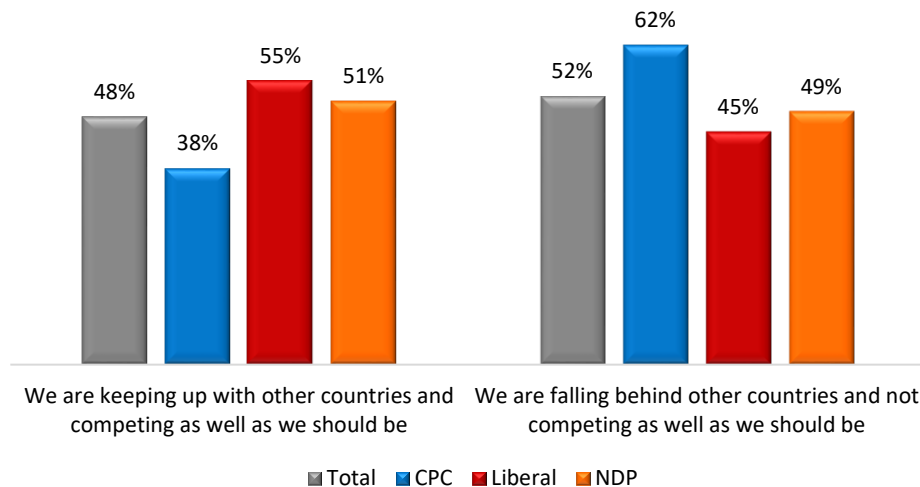
Today, opinion on this question tends to diverge along age and gender lines. Women and respondents under age 35 are generally more likely to hold the view that Canada is keeping up, while men and those over 35 are more inclined to see Canada falling behind. Young women (those ages 18 – 34) and men between the ages of 35 and 54 feel especially strongly:

Thinking about Canada's international competitiveness, which of the following is closest to your own opinion?



Past Conservative Party voters hold a slightly more pessimistic view than any male or female age cohort. Among this group, just over six-in-ten (62%) say Canada is falling behind. Those who voted for the Prime Minister's Liberal Party in 2015 are most positive, with more than half (55%) taking the opposing view, saying that Canada is keeping up and competing well internationally:

Thinking about Canada's international competitiveness, which of the following is closest to your opinion?



The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.

For detailed results by age, gender, region, education, and other demographics, [click here](#).

As we look to the future, with which of the following countries or regions do you think Canada should try to develop closer ties? (Select up to two)				
	July 2014	April 2015	February 2017	August 2017
Continue to focus on the U.S.	36%	49%	49%	41%
The European Union	37%	48%	33%	44%
China	34%	40%	29%	24%
South and Central America	16%	25%	14%	11%
India	18%	20%	10%	13%
South East Asia	12%	14%	8%	6%
The United Kingdom (added Feb. 2017)	-	-	29%	29%
Other, specify	5%	3%	4%	5%