

Trade, Trump and Tariffs: With supply management a key sticking point, Canadians divided over its future

45 per cent are less confident that Canada, U.S. will resolve differences after U.S.-Mexico breakthrough

August 29, 2018 – As news Mexico and the U.S. have largely resolved their trade differences is absorbed on this side of the border, Canadians are expressing more anxiety about what the breakthrough will mean for their own country.

And, as a new public opinion poll from the Angus Reid Institute reveals, they are deeply divided over supply management – the very issue President Donald Trump has indicated is the preventing the conclusion of Canada-U.S. NAFTA renegotiations.

Initially, more Canadians would like to see their government stand firm on supply management in negotiations with the U.S. (45%) rather than see it end the system (31%).

However, when presented with a situation in which Canadian farmers would be compensated for lost quota value and given assistance in adjusting to a post-supply-management market, a small but significant number of Canadians change their minds on this key question.

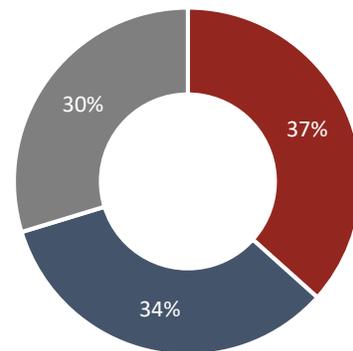
The net result is a near-even split, with 37 per cent of Canadians saying Canada should end supply management in order to secure a trade deal with the U.S., while 34 per cent say Canada should still stand firm in support of the system. The remaining three-in-ten (30%) are unsure.

More Key Findings:

- Canada's largest dairy-producing provinces are divided on ending supply management as part of trade talks, with roughly one-in-three in Quebec (35%) and Ontario (34%) preferring to keep the program, and similar numbers preferring to end it (39% in Ontario; 32% in Quebec)
- Political affiliation is a greater driver of opinion on this question, with more than half of past Conservative Party voters (56%) saying supply management should end, while past Liberal and New Democratic Party voters lean more toward keeping it (42% and 40% say this, respectively)

Percentage of Canadians who would ...

- End supply management and compensate farmers in order to secure a trade deal with the U.S.
- Stand firm on supply management and trade related restrictions even if it means no deal with the U.S.
- Not Sure/Can't say



METHODOLOGY:

The Angus Reid Institute conducted an online survey from August 27 – 28, 2018, among a representative randomized sample of 1,500 Canadian adults who are members of [Angus Reid Forum](#). For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.5 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was self-commissioned and paid for by ARI. Detailed tables are found at the end of this release.

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- On another major source of contention – U.S. President Donald Trump's threatened 25 per cent tariff on Canadian automobiles – roughly half of Canadians (48%) believe the President is serious and will find a way to follow through, while significantly fewer (28%) think he is bluffing

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Part 1: Mexico deal jolts Canadian confidence

After months without any significant developments, negotiations of the North American Free Trade Agreement yielded a breakthrough this week. Canada, however, was not involved.

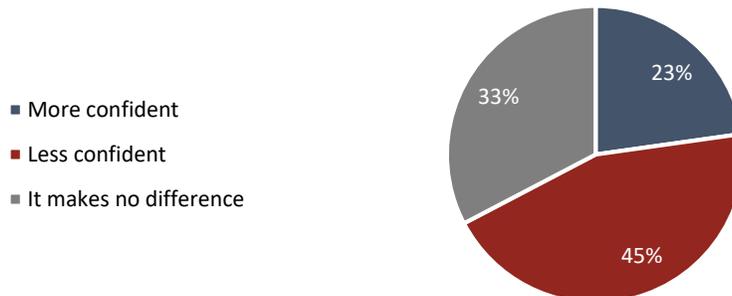
United States President Donald Trump announced Monday morning that his nation had reached an understanding with Mexico, which he claims signals [the death of NAFTA](#). Trump does not have the authority to unilaterally end the trade pact, nor to negotiate a deal that excludes Canada.

Nonetheless, the Canadian public is apparently feeling less-than-optimistic about a forthcoming solution. Asked whether this news about the cooperation between Mexico and the U.S. has them feeling more or less confident that Canada and the U.S. can find similar common ground, Canadians are much more likely to say they're feeling discouraged than emboldened. A significant portion, one-third (33%), say this news doesn't change their opinion at all:

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Does this new development make you more or less confident that Canada and the U.S. can also resolve their trade differences in the near future?



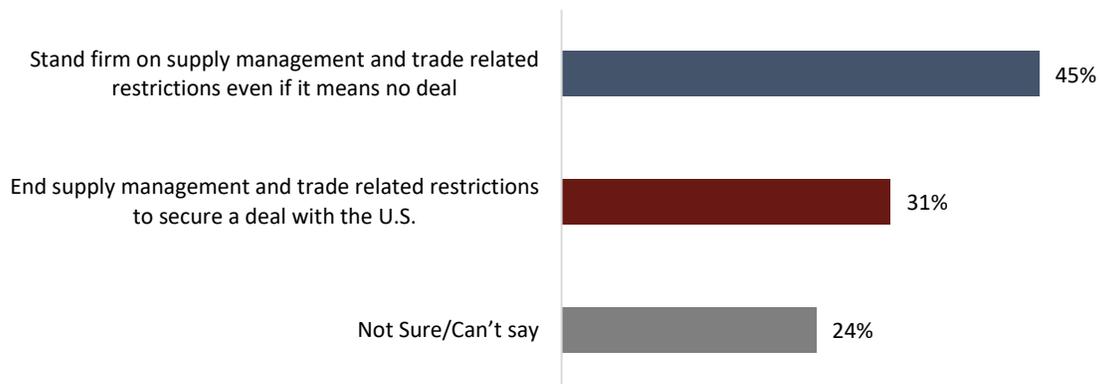
Trump’s sticking point: supply management

President Trump’s frequent talking point regarding a deal with Canada has been the supply management system. On Monday, he [reiterated his complaint](#), saying “they have tariffs of almost 300 per cent on some of our dairy products, so we can’t have that. We’re not going to stand for that.”

Two of the top advisors on the U.S. negotiating team also [said this week](#) that dairy concessions would need to be made in order to make a deal by Friday – the Trump administration’s deadline. Prime Minister Justin Trudeau, meanwhile, maintained his defense of Canada’s position on supply management, stating that his government [will defend it](#).

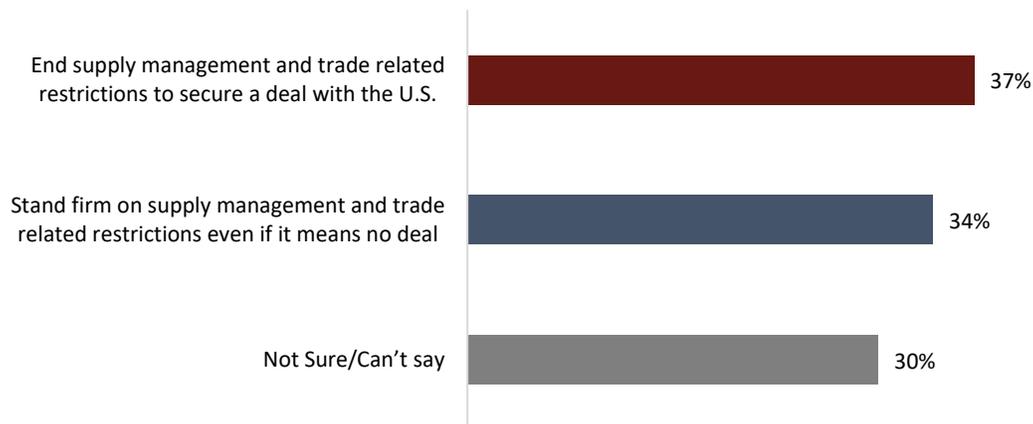
But consensus eludes Canadians on this issue. Many would like to see the government end supply management if it means ending the trade dispute, while a significant number say keeping the system in place should be a priority, even if it hurts negotiations:

Trump says Canada must make concessions on supply management if it wants a deal. Should Canada:



Asked whether compensation for farmers who would lose the value of their quotas if supply management ended would move them closer to ending the system, one quarter (25%) of Canadians opposed to such a change reconsider their position. What this means for the total picture of supply management support is notable. Canadians are in three, close-to-evenly sized groups, with the largest number saying the system should be ended in trade negotiations:

**What should be done with supply management?
(If farmers are compensated for losses)**



Regional opinions divide country

Regionally, the compensation factor leads to an even divide over the policy's future in British Columbia, Quebec and Atlantic Canada.

Support for removing supply management is highest in the prairies, but – importantly – low in Quebec. Liberal Premier Philippe Couillard, who faces an election in September, has vehemently opposed concessions on supply management, stating that his government will offer “no compromises” on the issue.

Slight support for ending the program emerges in Ontario, and that sentiment remains stronger in Alberta and Saskatchewan:

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**What should be done with supply management?
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Part 2: The Political Story: Neither Scheer nor Trudeau has NAFTA advantage

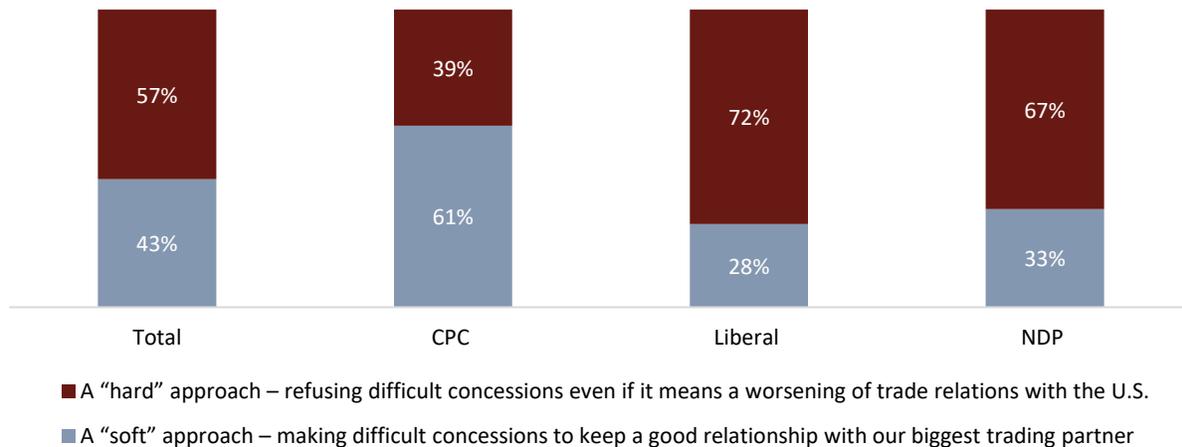
Nearly one-third undecided about supply management

Past Angus Reid Institute research has shown that Canadians are deeply unfamiliar with the workings of their country's supply management system. Given this, the one-in-three (30%) who are unsure whether Canada should end the program in response to Trump's complaints amount to a key, persuadable constituency that politicians will look to court when making their case on trade going forward.

Scheer is offside with at least half the Conservative base

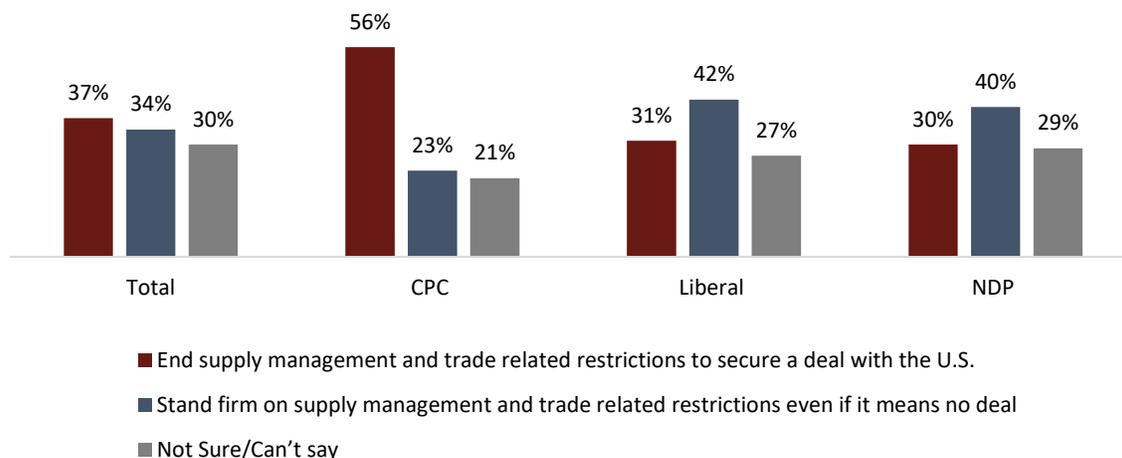
While a majority of Canadians (57%) say the Trudeau government should take "hard" approach to negotiations, even if it means a worsening of trade relations, it is past Conservative supporters who are much more likely to prefer a the opposite, if it means a better relationship with the U.S:

Which of these overall approaches would you say Canada should take to negotiations going forward?



One of those concessions identified by Trump is supply management. And on this, more than half of 2015 Conservative Party voters (56%) say they would end the program to secure an end to the trade dispute with the U.S.:

**What should be done with supply management?
(If farmers are compensated for losses)**



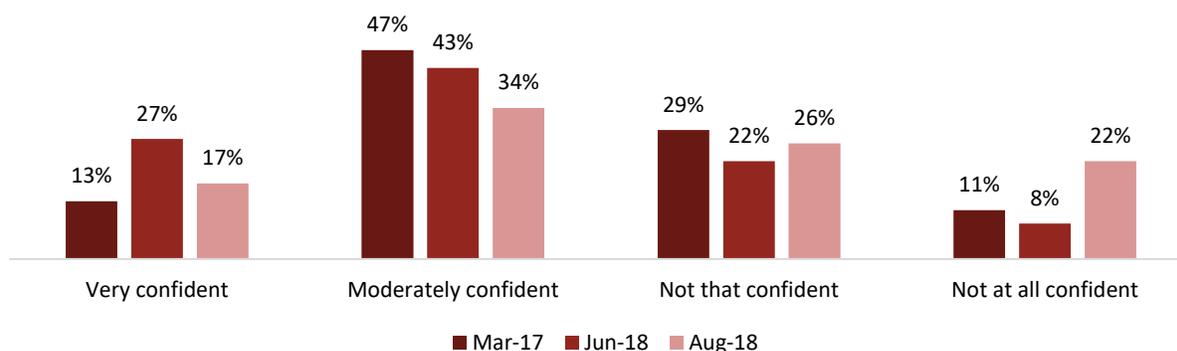
The willingness of this slight majority of past Conservative voters to abandon supply management puts them at odds with the party leader Andrew Scheer. Scheer famously won the CPC's leadership contest over Maxime Bernier in part because of [his avowed support](#) for the supply management system, which his rival wanted to end.

Confidence in government to handle Trump falls hard

This week's news, along with a summer of headlines about tit-for-tat tariffs appear to be taking a toll on Canadians' confidence in their government's ability to successfully renegotiate NAFTA. In June, following the G7 summit, [six-in-ten Canadians](#) said the government's dollar-for-dollar retaliation to the Trump administration's tariffs on Canadian steel and aluminum, was the right move, while 15 per cent wanted to go a step further.

At the time, 70 per cent of respondents were confident in the Canadian government to effectively represent Canada's national interests. Now, with the Canadian negotiating team back in [Washington, D.C. to resume talks](#), confidence has dropped to an even split:

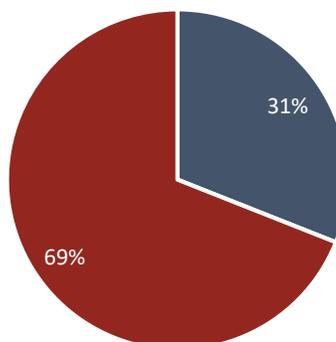
Turning back to NAFTA negotiations, how confident are you in the ability of the government under Prime Minister Justin Trudeau to effectively represent Canada's national interests to the Trump administration?



Among those who are not confident, seven-in-ten (69%) say that they believe the Trudeau government is poorly qualified to deal with the Trump administration, while three-in-ten (31%) blame Trump's unpredictability for their lack of confidence.

**And, which would you say is closer to the reason you're not confident?
(n=735)**

- The Trump administration is too unpredictable – no Canadian government would be well-qualified to deal with it
- The Trudeau government is poorly qualified to deal with the Trump administration – some other party would handle it better

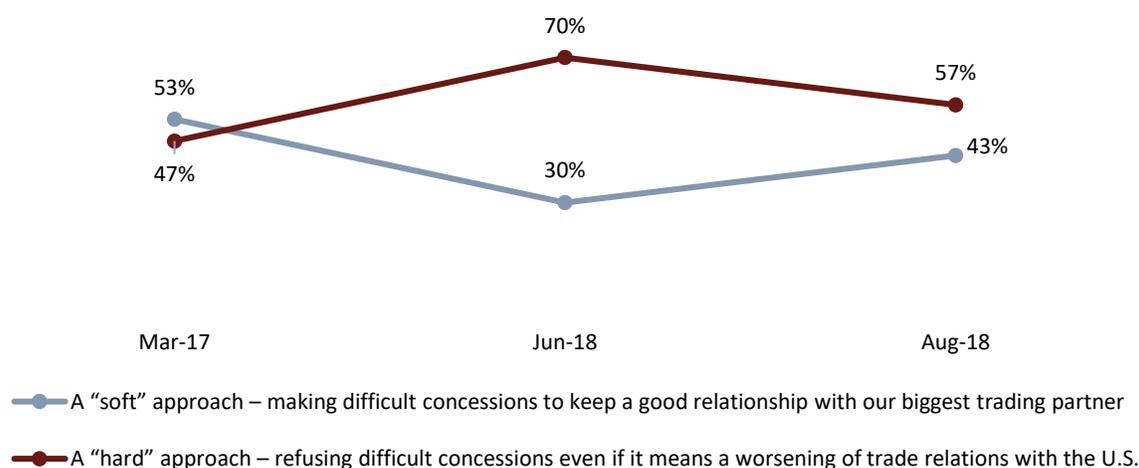


Majority want to play hardball, but sentiment is eroding

With the news of an agreement between the U.S. and Mexico and the threat of auto tariffs being taken seriously by many Canadians, the 70 per cent who said the government should play hard ball in June of this year has dropped 13 percentage points, to the 57 per cent noted in the preceding section.

Overall, this change amounts to a partial reversion to where Canadian sentiment stood in March 2017, when Canadians were evenly divided over how to approach trade negotiations with the then-newly-inaugurated Trump administration:

Which of these overall approaches would you say Canada should take to NAFTA negotiations going forward?



Part 3: Looking ahead

Most say Trump threats on tariffs are serious

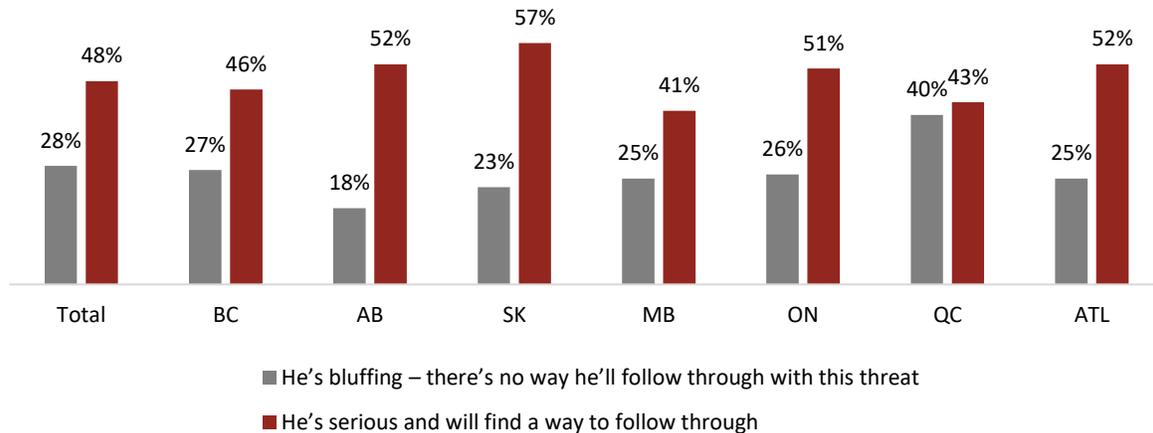
As Donald Trump was celebrating progress with Mexico, he restated that his administration is considering a 25 per cent tariff on Canadian autos. (This, in addition to the recently implemented tariffs on steel and aluminum that are exported from Canada into the U.S.) Some reports have suggested the auto-sector tariffs could cost the Canadian labour market [160,000 jobs](#).

A plurality of Canadians (48%) are taking this tariff threat seriously. Just three-in-ten (28%) say Trump is bluffing. Ontario residents, who are in the heart of Canada's automotive manufacturing sector, are twice as likely to believe the President than to say he won't follow through:

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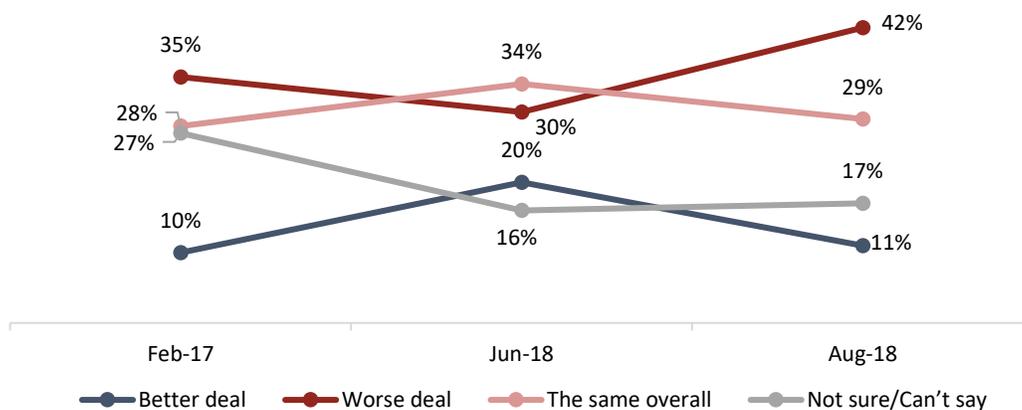
Thinking about Trump's threat to add a 25% tariff on autos, would you say...



Better deal or worse?

Canadians are feeling pessimistic about the deal their country is going to end up with when all is said and done. The largest number, 42 per cent, say that Canada will end up worse off, while just one-in-ten (11%) say renegotiated terms will be beneficial for this country. The percentage saying a new NAFTA deal will be worse for Canada has risen 12 percentage points since June:

Assuming negotiators are able to agree on a new NAFTA deal, do you expect the end result to be better or worse for Canada?

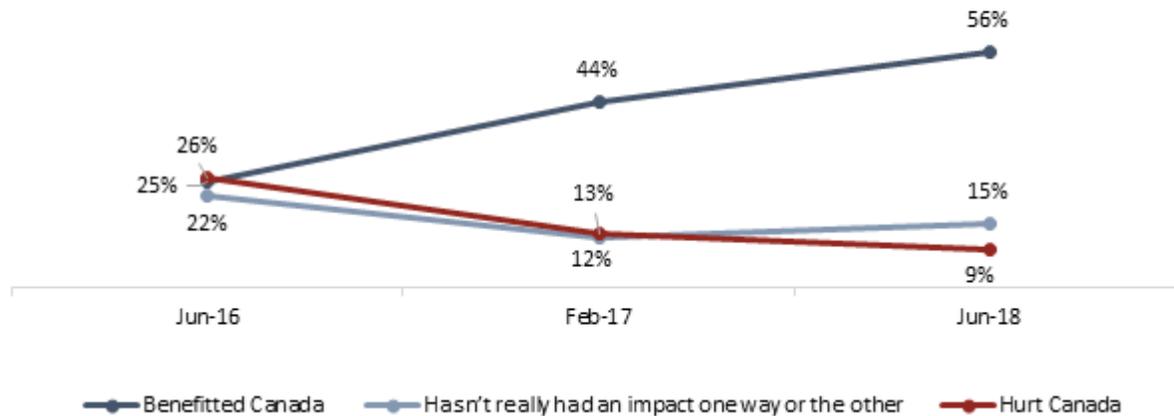


This is particularly notable given Canadians' increasing affection for NAFTA since the trade pact became the object of Donald Trump's ire. The number of Canadians saying the deal has been a benefit to the country has more than double over the past two years, as seen in the graph that follows.

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Overall, would you say NAFTA has generally:



*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](#).