

New USMCA Deal

By now, you will have heard that talks concluded late last night between Canadian and U.S. officials to reach a new agreement on North American trade.

The highlights:

- Increased access for the U.S. for certain dairy products in Canada – up to 3.6% - but Canada maintains supply management system
- No tariffs on autos as long as vehicles meet stringent North American content requirements of 75%
- Dispute resolution mechanisms remain in place though the fine print will be scoured to see what, if any, compromises were made
- Rights for corporations to sue governments in Canada and the U.S. will be phased out
- Canada agreed to increase protections for pharmaceutical patents to 10 years
- Canadian cultural exemptions remain intact
- Online cross-border shopping exemptions for Canadians to increase to \$100

The Canadian dollar is up about 0.8 cents this morning on the news - we will advise on any changes in our hedging strategy. U.S. and Canadian markets are both up today and we expect that may continue as there is a bit of a halo effect.

While there are significant details still to come, we believe that this removes an overhang on the Canadian economy. We expect that the Bank of Canada will resume interest rate increases with at least one more quarter-point hike anticipated this year.

See the story at the link from The Globe and Mail for more: Canada, U.S. reach tentative NAFTA deal; Trump approves pact

<https://www.theglobeandmail.com/politics/article-canada-us-reach-outline-of-nafta-deal-pending-approval-of-trump/>