

Are We Entering a Post-NAFTA World?

By Richard Martin, founder and president, Alcera Consulting Inc.

Richard Martin issues Strategic Readiness Bulletins on an as needed basis to clients, key decision-makers, and other influencers, to highlight recent or evolving risks, threats, and opportunities for companies and organizations resulting from chaotic change as well as international and national situations of a political, economic, technological, or social nature.

The Strategic Readiness Issue

With the current NAFTA negotiations underway it's hard to tell yet whether they will be a net positive or a net negative for companies doing business across the Canada-US and Mexico-US borders.



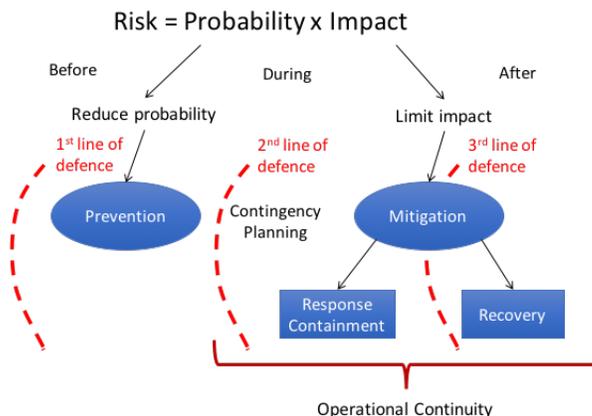
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My aim isn't to assess the probabilities either way at this stage, but rather to **highlight the need for**

prudent risk management and contingency

planning to address various post-NAFTA—or “new” NAFTA—trade arrangements between Canada and its most important trading partner, specifically the US.

Assessing Risks and Threats



The diagram on the left summarizes the strategies for risk and threat management.

When we work to lower or eliminate the probability of occurrence of a risk/threat, then we're in the realm of PREVENTION.

However, if prevention fails, we still must have measures and plans in place to contain its most damaging consequences. This is where MITIGATION comes into play.

Businesses with NAFTA exposure must be aware of the risks and threats arising from

potential changes to the trade agreement. This is prudent and may even lead to the identification of unique opportunities whether Canada-US trade relations continue much as before or change in a significant way.

Who Can Be Affected?

- Manufacturers and other businesses that depend on imports and exports
- Transportation and logistics companies with cross-border operations
- Federal, provincial, and local government agencies and departments
- Ports and border-crossing facilities
- Tourist and travel related businesses
- Sectors that are highly sensitive to changes in tariffs or trade restrictions

Assessing Your Situation

If you haven't already done so, it's time to consider the probabilities and potential impacts of the risks and threats your company faces if there is a change in the trading regime under NAFTA, or even just between Canada and US. This isn't alarmist, it's common sense and prudent leadership.

I can help you, but you can get a head start by considering the following questions.

- What is your current dependence on imports and/or exports to the US (in terms of total revenue, volume, profits)?
- What business lines or activities are in areas of HIGH POLITICAL SENSITIVITY (soft wood lumber, auto manufacturing, aerospace, etc.)?
- Can you "immunize" to a certain extent against disruptive changes by diversifying your clientele or supplier relationships?
- How sensitive are your prices and costs to small changes in trade restrictions and decisions?
- Have you developed contingency plans for supply, transport, or logistics?

About Richard Martin

Feel free to contact me to discuss this and related strategic issues.



Richard Martin is an expert in identifying, assessing, and preparing for strategic risks, threats, ... AND opportunities, so companies and organizations can exploit change, instead of passively reacting or succumbing to it.

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