



WHAT'S NEXT

FOLLOWING THE ELECTION IN CANADA

The time worn political adage, 'the voters are never wrong', still lives.

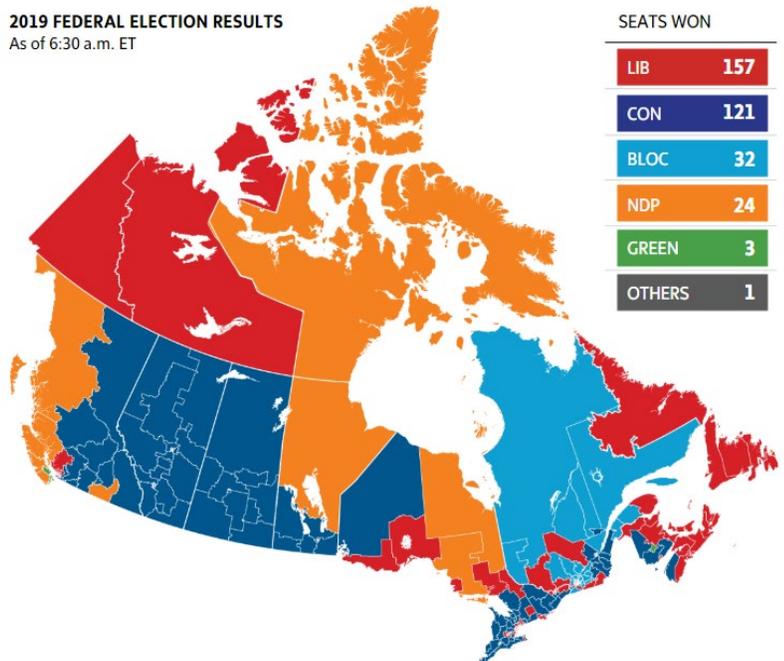
On October 22nd, Canadians in 338 ridings gave Justin Trudeau's Liberal Party a stronger minority than many expected, and signs suggest a stable one for the time being. Canadians on-the-whole voted for progressive parties with a climate action agenda, with a significant regional exception in the western, energy-producing provinces. Needing the confidence-vote blessing of only one major opposition party, rather than two, the Liberals have several options available to get their key legislation through the House, and to navigate committees they no longer exclusively control.

Expect a stable government over the next 18 months to two years, no party is in a hurry, or in the financial position to drag electors back to the polls. Instead of the usual four years, there is a two-year window for the government and the people who wish to impact the government agenda to things done.

With the economy still in growth mode, and the lowest unemployment rate in 40 years, the country is in good shape. A nascent and burgeoning legalized cannabis sector, ongoing investment in public infrastructure and transit, a robust and trusted export agricultural industry and innovative green technology companies represent new momentum on top of Canada's traditional economic strengths. Relations with China remain rocky and like every other country in the world, one eye is always on the leadership in the U.S.

So, what's next?

2019 FEDERAL ELECTION RESULTS
As of 6:30 a.m. ET



A new Cabinet will be sworn in on Wednesday, November 20th and, at a minimum, Trudeau will need to replace the two defeated Ministers and address the lack of government representation in the western provinces of Saskatchewan and Alberta.

Following that, Prime Minister Trudeau will recall the House in late November to table a Throne Speech and get it passed through the House, the first test of "confidence" in the government. It will pass.

Key to the collective interests will be the implications of a minority government. In a press conference two days after the election, the Prime

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Minister was definitive that there will be no coalition formed, formal or informal. Instead, he will work together with the opposition parties and focus on two priorities: affordability and climate change, with the first order of business being a middle-class tax cut.

This is a clear signal that the Liberals intend to run up the middle of their opponents as much as possible, including in the eyes of voters: on affordability that was the central theme of the Conservative campaign (but one shared by all other parties, especially the NDP); and on climate change as a core issue with everyone else. Smoothing over a fractious relationship with some of the provincial premiers will also be a priority, and continued progress on the will also be on the agenda.

The Prime Minister reiterated that the Trans Mountain Pipeline Expansion will move ahead, bringing Canadian oil to global markets other than the U.S. This position is consistent with their pre-election one and will blunt attacks from Conservatives in the near term. However, Trudeau will need to make sure the left-leaning sovereigntist Bloc Québécois and the NDP do not over-react and ultimately can support other mutually-beneficial measures in the House of Commons. Of note, the NDP leader did not reiterate “pipeline cancellation” as a demand in a post-election news conference, and the BQ leader remarked that he will oppose a pipeline through Quebec but will not weigh in on the Trans Mountain pipeline.

Expect affordable housing, reducing telecom bills, helping students, moving ahead with publicly-funded pharmacare, Reconciliation with Indigenous peoples and electoral reform to join fighting climate change on the list of non-Conservative party - Opposition demands in return for the Liberal’s continuing to hold the reins of power.

With all this of this in mind, the Prime Minister, his new cabinet and the minority parliament will likely focus on issues closer to home than those on the international stage. However, with growing uncertainty in politics around the world, foreign policy and international trade are likely to become hot topic issues once parliament resumes. Canada as a trading nation remains an economic priority. Our trade deals with the US (USMCA), the EU (CETA) and trans-Pacific nations (CPTPP) have the country well-positioned to capitalize on the disarray of a post-UK trade era.

At this point, it is not clear whether Liberal MP Chrystia Freeland will remain as the Minister of Global Affairs, but she will likely be kept on

her toes from whomever the Conservatives, Bloc Québécois, NDP and Greens appoint as their foreign affairs critics. From ratifying the new NAFTA and mending its strained relationship with Saudi Arabia, to resolving disputes with China on extradition and trade, foreign policy will certainly test the sitting government.

A numbers game for votes in a minority government means Trudeau’s international travel will be somewhat curtailed, but he will still be deployed as Canada’s sales-person-in chief.

The next two years will be a dynamic time for Canada...just watch us.

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