



'NOT ALL DOOM AND GLOOM'

AMID ESCALATING TRADE TENSIONS THERE ARE JUST AS MANY OPPORTUNITIES AS CHALLENGES, SAY **ERIN BROWN** AND **KRISTOPHER MIKS**

AS TARIFF tensions escalate between Canada and the US, it's helpful to recall that while uncertainty gives rise to challenges, it also brings opportunities. For businesses, the time is now to rethink supply chains, tap into new markets, and sharpen long-term strategies.

"We're leaving the heyday of free trade, where many companies haven't had to think much about tariffs in terms of broad company strategy, and bracing for more of a protectionist time," says Erin Brown, partner at Norton Rose Fulbright Canada. "Proactive discussions with key strategic advisors on how changes could affect business – and how to mitigate risk depending on how things develop – is critical right now."

Kristopher Miks, also a partner at the firm, agrees that planning for different eventualities is paramount and says he's seeing more strategic divestitures as companies turn their minds to supply chains and manufacturing locations, reassessing risk exposure and considering long-term adjustments to mitigate potential trade disruptions.

"It's driving more wargaming about how companies will react in different situations," he notes, adding it's a great time to think strategically and creatively.

"It's not all doom and gloom. There are incredibly smart people on both sides of the border looking at ways to grow, develop, buy, sell, and promote their businesses, and it'll be interesting to see what they do, how business and transaction structures evolve, and where we end up."

A wealth of opportunity

Miks predicts a silver lining may be a return to higher inbound investment from areas other than the US, though it remains to be seen

how Canada will evaluate foreign investors going forward. In March, the government updated national security review guidelines under the Investment Canada Act "as a nod to the tariff situation," signalling increased focus on Canada's economic security.

While likely not impacting all M&A transactions across the board, Brown says it's prudent for those operating in sensitive sectors of strategic importance to Canada to consider foreign buyer elements. She also points to potential within Canada's borders.

"It's the perfect opportunity to address inter-provincial trading barriers by pushing for regulatory change," Brown says. "Governments are very receptive to ways of helping Canadian businesses right now."

With its dollar relatively weak compared to some other jurisdictions, Canada also offers "a built-in discount" that may also fuel more M&A activity, Miks notes. If there are less international or US buyers, Miks says it may bring prices and competition down, allowing opportunities for Canadian purchasers to step in, fill the void – and potentially move toward a more "buy-Canada strategy."

With many government-backed funds and a significant number of Canadian pension plans who are active investors, purchasers, and deployers of capital, stakeholders could put pressure on organizations to adapt a buy-Canadian mentality in the same way areas like DE&I, carbon recapture, and clean-energy considerations have moved to the forefront. There are already "rumblings" in the public procurement space related to buy-Canada provisions, but it remains to be seen how it will impact organizations' investment strategies.

Engaging the right advisors

Given the persistent state of flux, Brown

cannot emphasize enough the importance of businesses engaging legal and financial advisors early to navigate tariff-related risks and identify potential opportunities.

"Nobody likes finding the right counsel in a panic – bring trusted advisors in early," she says, adding that the reach of an international firm like Norton Rose Fulbright offers many advantages, including access to offices all over the world ready to support companies looking to consider other markets, for example. She also notes the firm established a Cross-Border Trade Law Task Force of trade lawyers like herself to ensure well-rounded advice on trade issues as they develop.

Miks underscores that the M&A team works with clients, industry leaders, and innovators acquiring and selling across the globe, and while the tariffs are the current iteration of risk, given the firm's experience across jurisdictions, they're adept in addressing a range of issues. Coupled with the strong relationships forged with like-minded people in almost every port, it gives the firm's clients a significant leg-up. And ultimately, regardless of how tariffs shake out, Canada is well positioned – buyers and sellers just need to focus on strategic discussions around long-term plans.

"Buyers and sellers need to understand risk profiles, go into deals with eyes wide open, and assess and address risk to the extent they can," Miks says. "But Canada has great natural resources, and we've always been a net exporter of companies, technology, and well-educated individuals. That's not going to change." ■

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**Erin Brown and
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Partners

