

Preparedness for a Post-NAFTA World

March 9, 2018

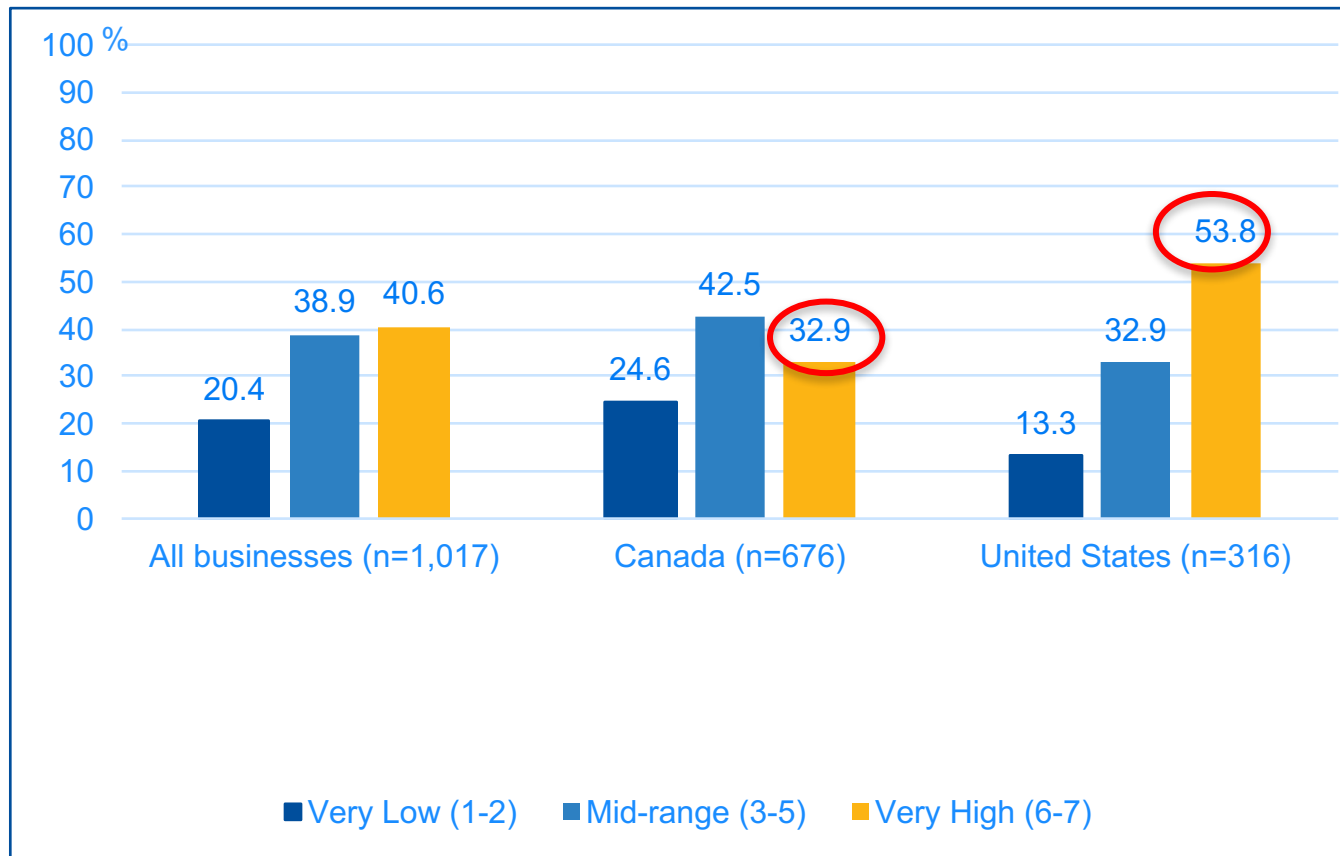
LIVINGSTON
Simplify Trade

Methodology

- Livingston International surveyed 1,017 businesses in the U.S., Canada and Mexico that use NAFTA via an online poll from Feb. 5 to 15th, including 669 small businesses, 234 medium-sized businesses, 114 large businesses.
- Among those surveyed, 676 respondents listed Canada as the country in which they have the largest presence and 316 the United States.
- Margins of error at a 95 percent confidence level would be +/- 3.0 percentage points for all respondents using a probabilistic sample; the margins of error would be larger within subgroups of the survey population.

Frequency of North American trade activity

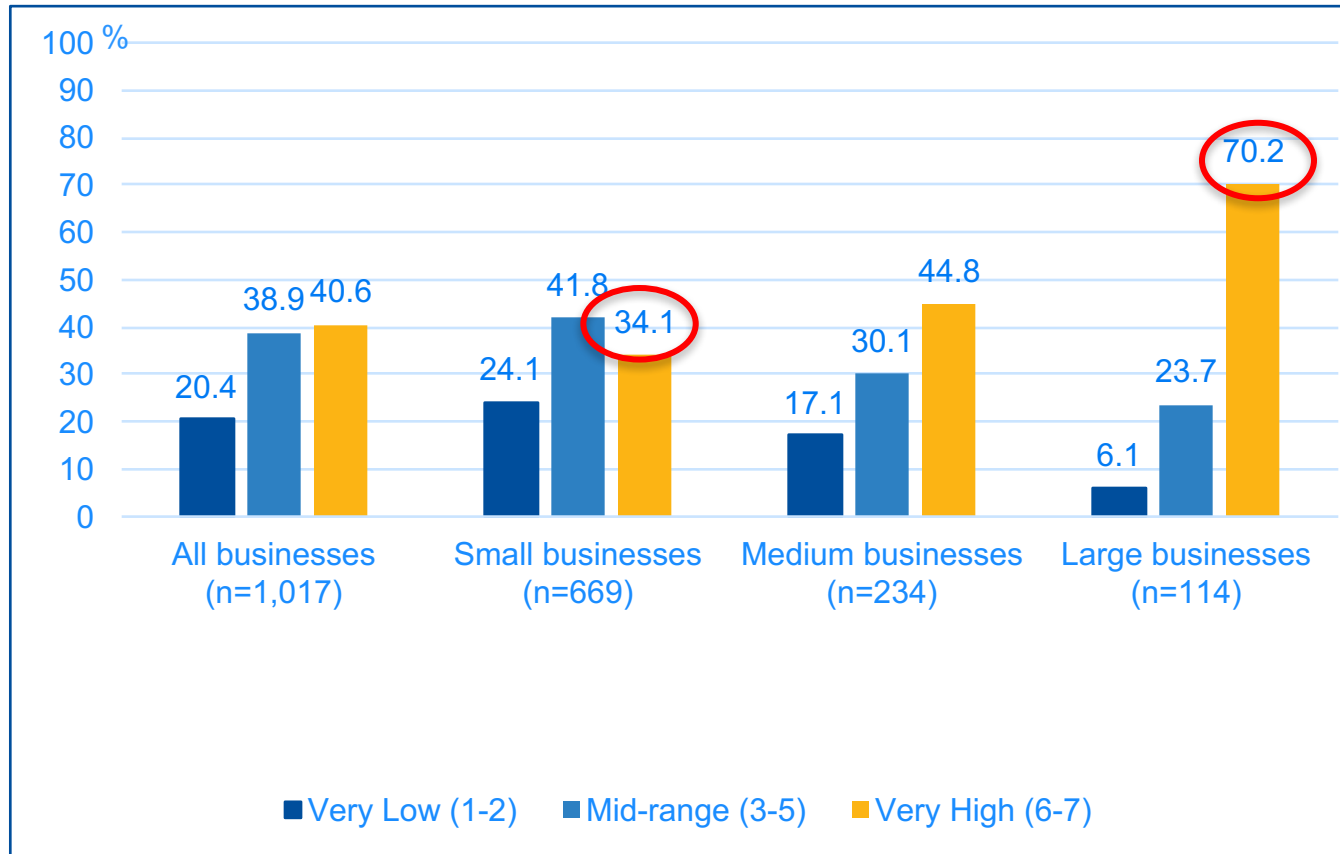
54% of businesses with a predominantly U.S. presence engage in North American trade activity with a very high frequency. This compares with only 33% for businesses with a predominantly Canadian presence.



Q2. How frequently does your company engage in North American trade activity (where 1 = “Not at all” and 7 = “Extremely high frequency”)?

Frequency of North American trade activity

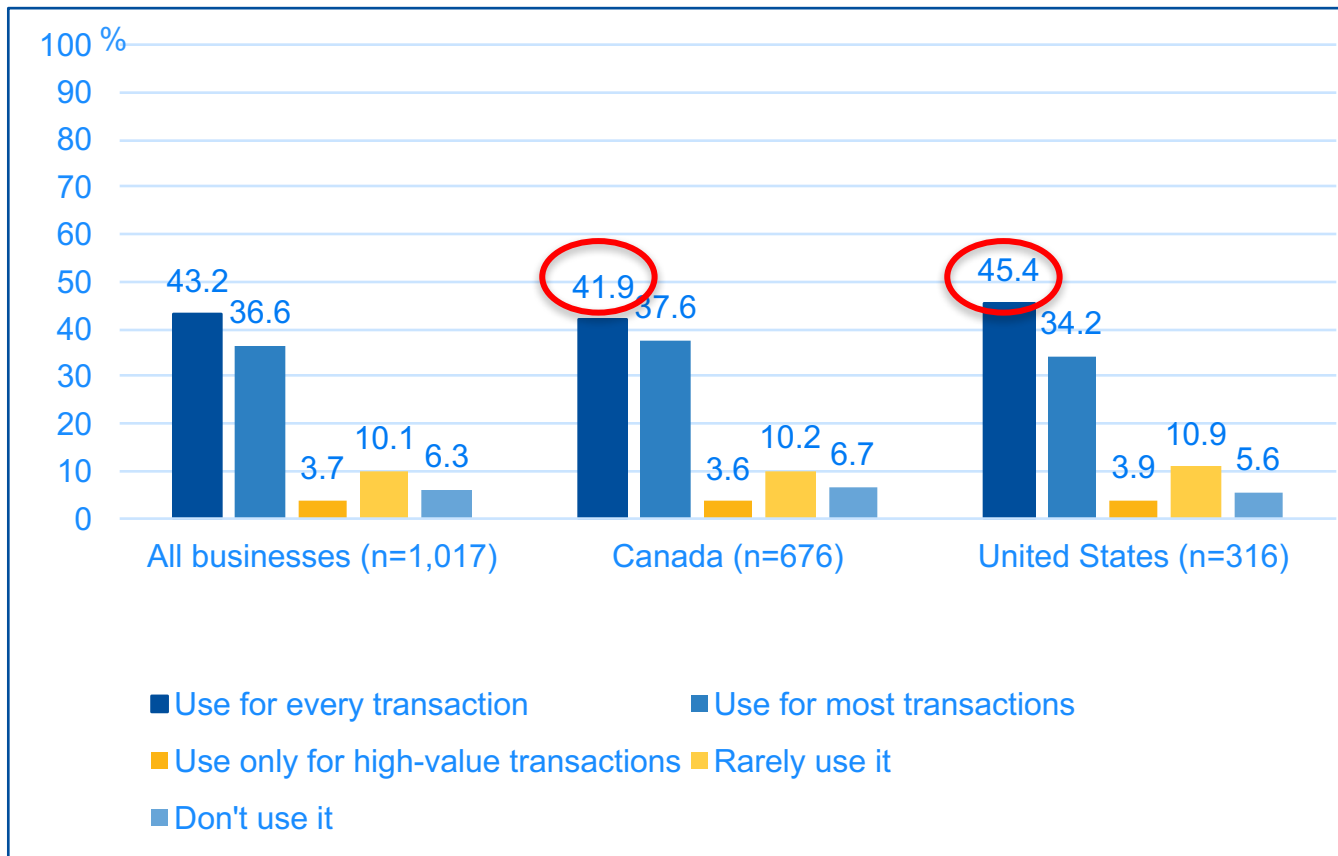
70% of Large businesses surveyed engage in North American trade activity with a very high frequency. This compares with only 34% for Small businesses.



Q2. How frequently does your company engage in North American trade activity (where 1 = “Not at all” and 7 = “Extremely high frequency”)?

Use of NAFTA to achieve cost savings

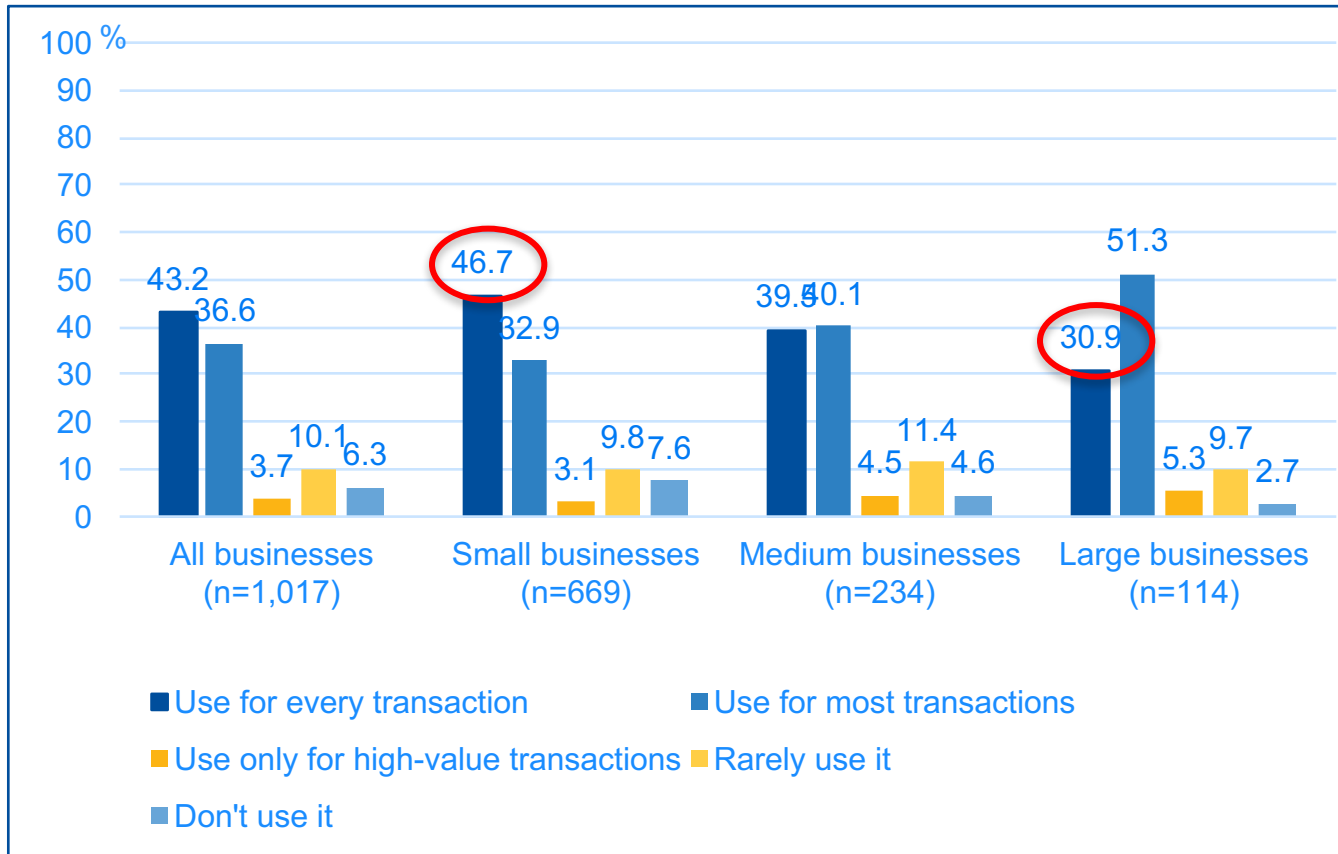
45% of predominantly U.S. businesses surveyed say they use NAFTA for every North American trade transaction. This is slightly higher than for business with a mainly Canadian presence (42%).



Q3. Thinking about your North American trade activity, which statement best describes your company's use of NAFTA to achieve cost savings?

Use of NAFTA to achieve cost savings

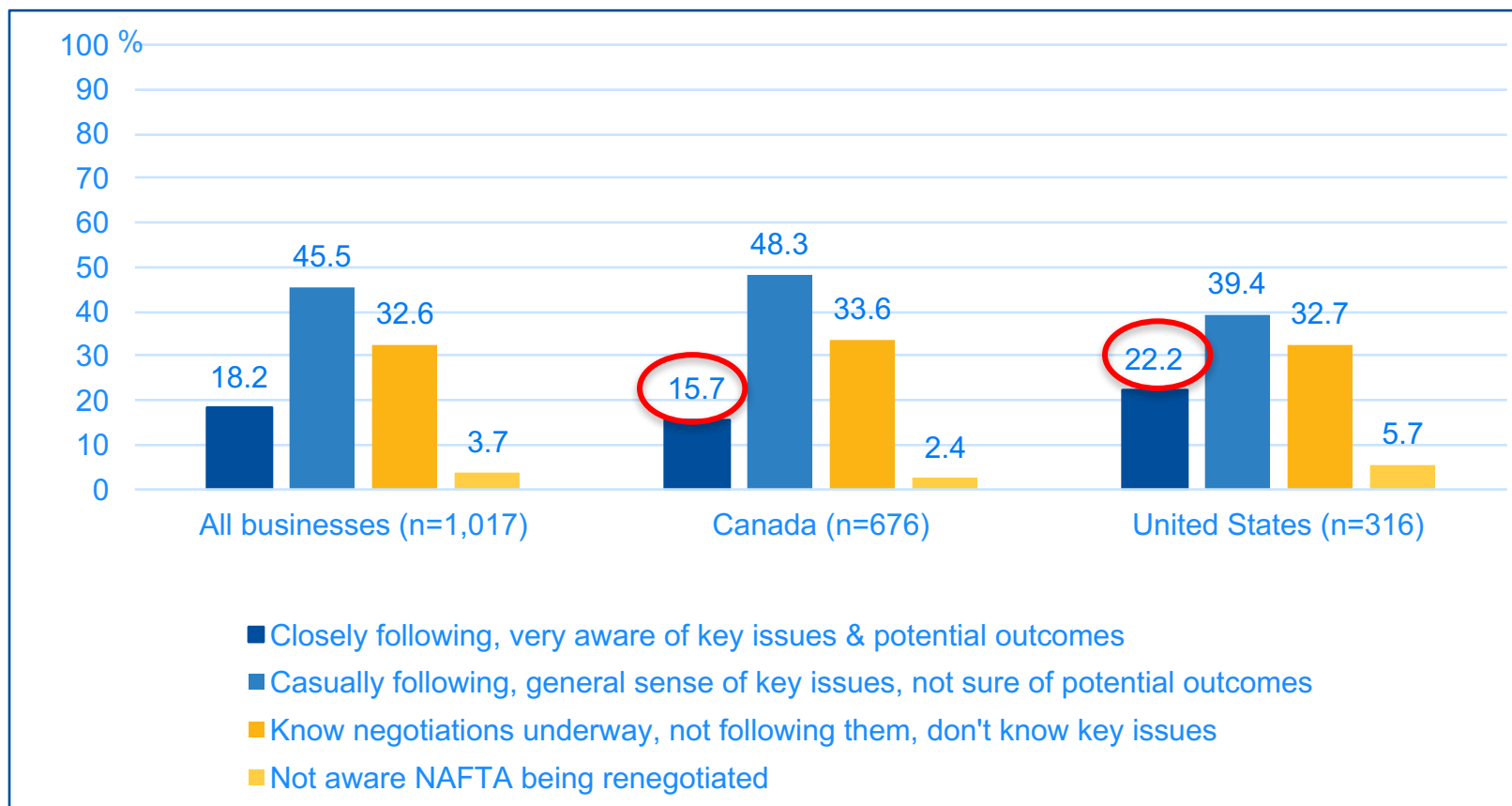
47% of Small businesses surveyed say they use NAFTA for every North American trade transaction. This compares with 31% for Large businesses.



Q3. Thinking about your North American trade activity, which statement best describes your company's use of NAFTA to achieve cost savings?

Interest in and knowledge of current NAFTA negotiations

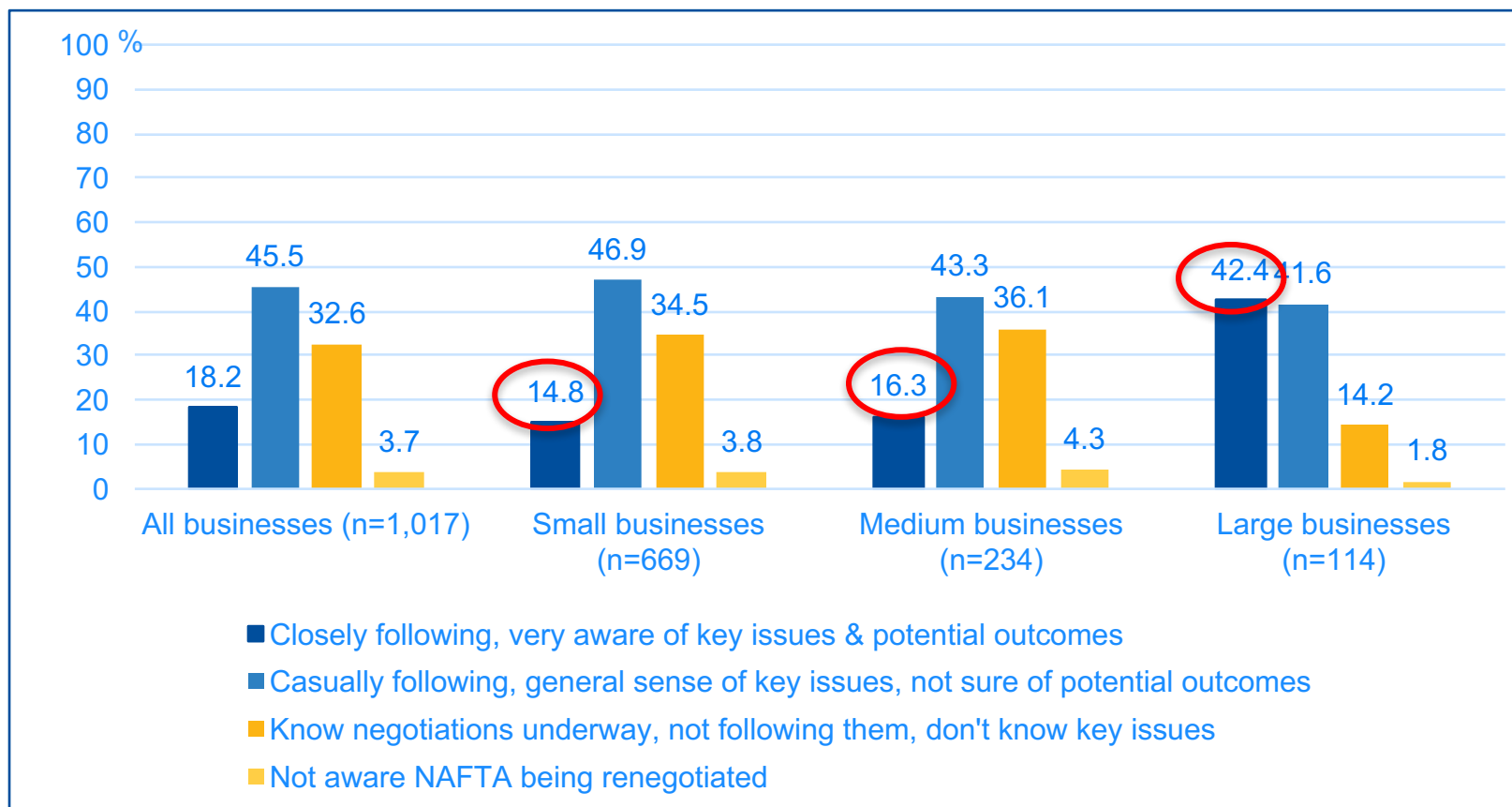
22% of businesses with predominantly a U.S. presence say they are closely following the negotiations, are very aware of the key issues and potential outcomes. This compares with 16% for businesses with their biggest presence in Canada.



Q4. Which of the following statements best describes your company's interest in and knowledge of the current NAFTA negotiations?

Interest in and knowledge of current NAFTA negotiations

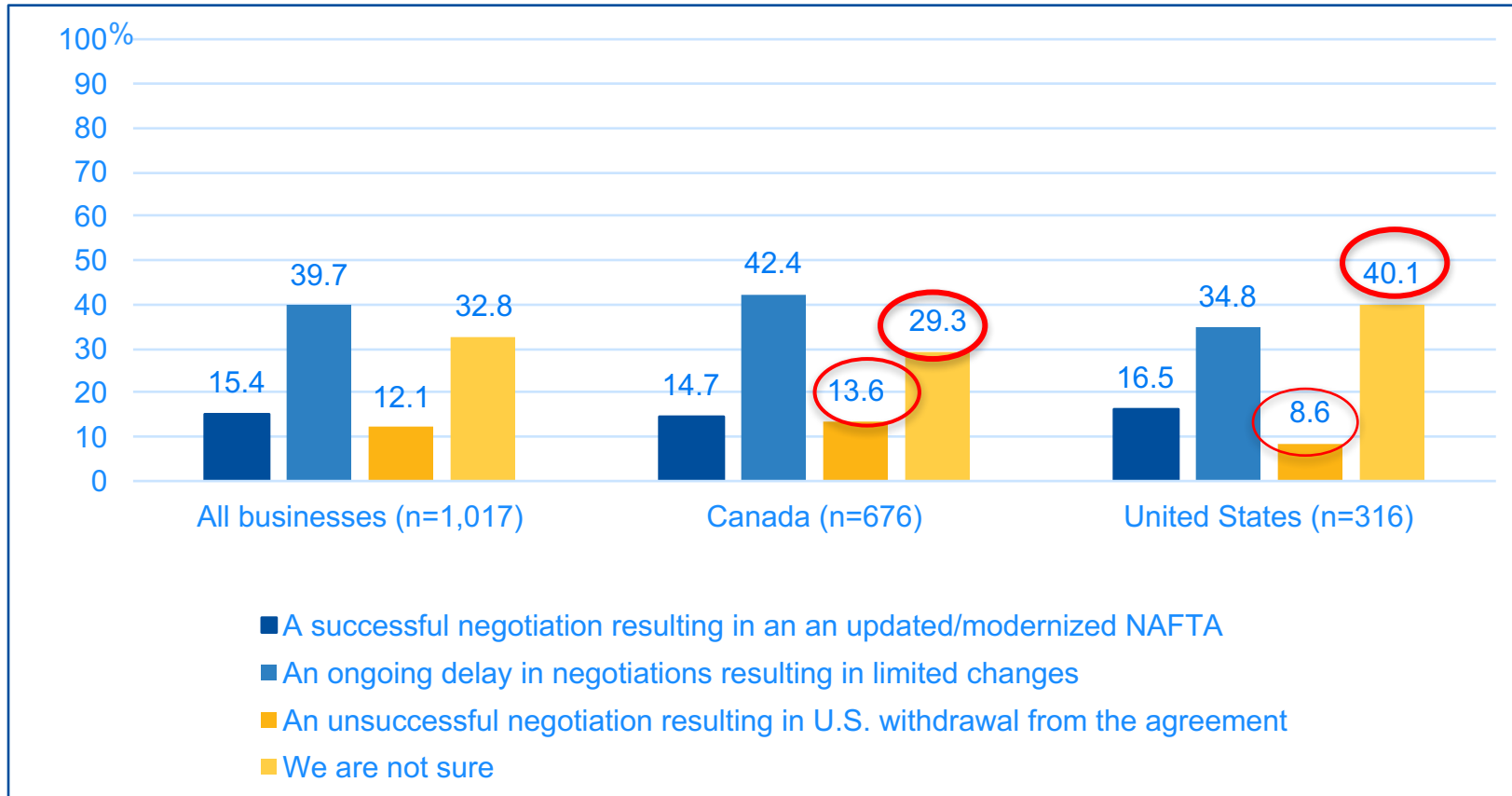
42% of Large businesses surveyed say they are closely following the negotiations, are very aware of the key issues and potential outcomes. This compares with 16% for medium businesses and 15% for small businesses.



Q4. Which of the following statements best describes your company's interest in and knowledge of the current NAFTA negotiations?

Result of the current NAFTA negotiations

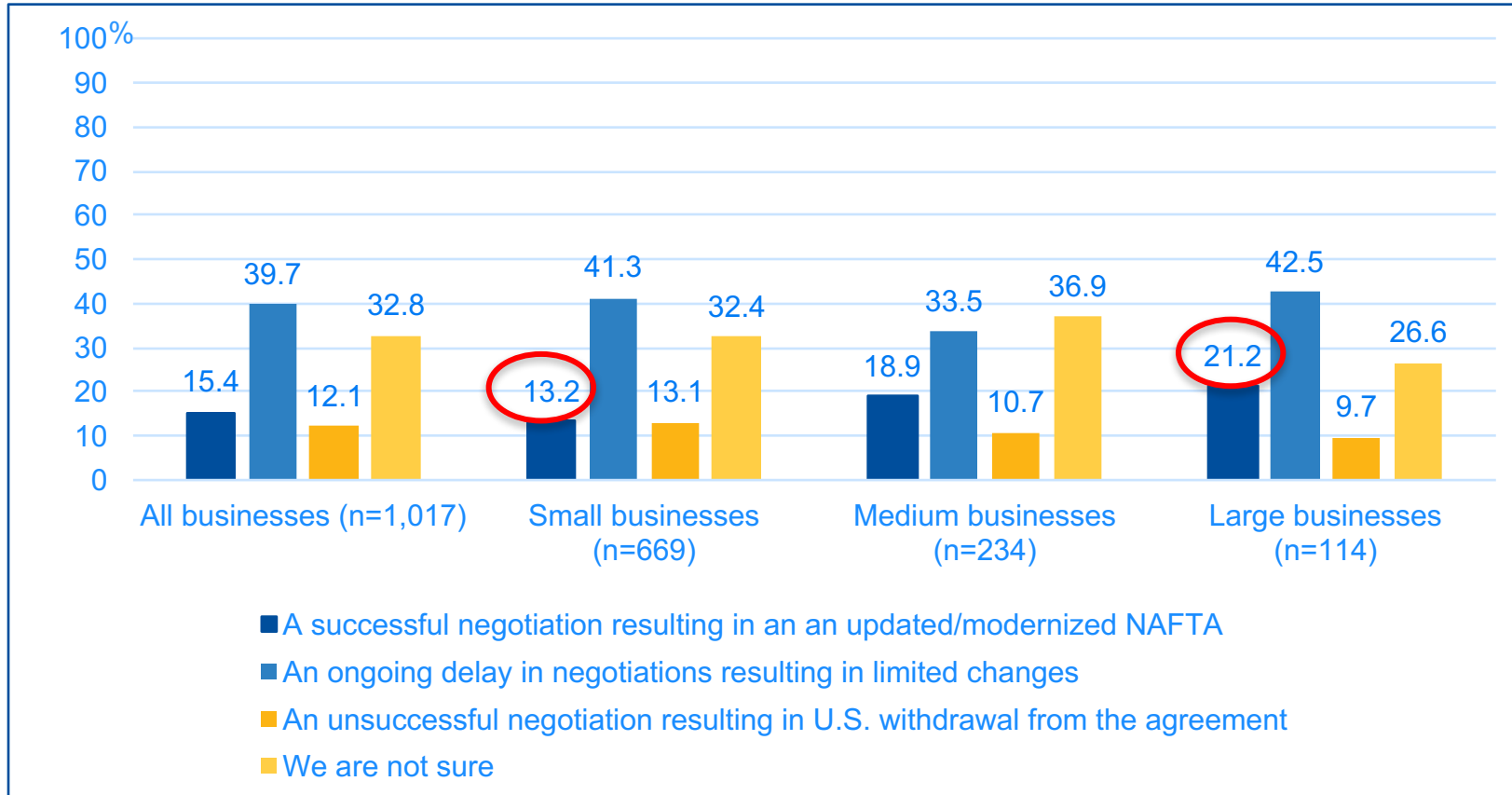
40% of businesses surveyed that have a predominant U.S. presence aren't sure of the result of the current NAFTA negotiations. This compares with 29% for businesses that are mainly in Canada. More Canadian than U.S. businesses think the U.S. will withdraw from NAFTA (14% vs. 9%).



Q5. What does your company believe will be the result of the current NAFTA negotiations?

Result of the current NAFTA negotiations

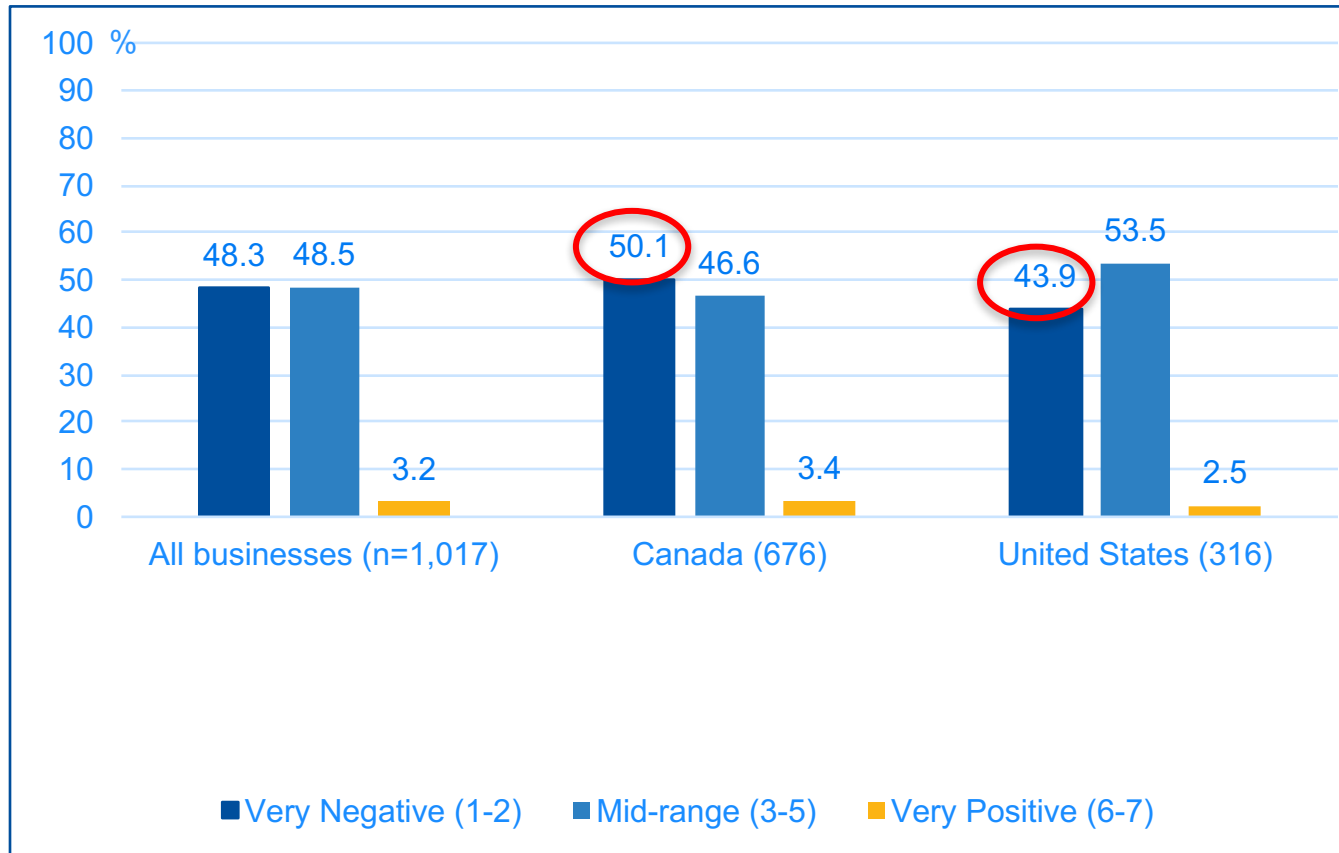
21% of Large businesses surveyed expect current NAFTA negotiations will be Successful – achieving an updated/modernized agreement. This is almost the same as for Medium businesses (19%). Small businesses are more pessimistic (13%).



Q5. What does your company believe will be the result of the current NAFTA negotiations?

Effect of U.S. withdrawal from NAFTA on the economy

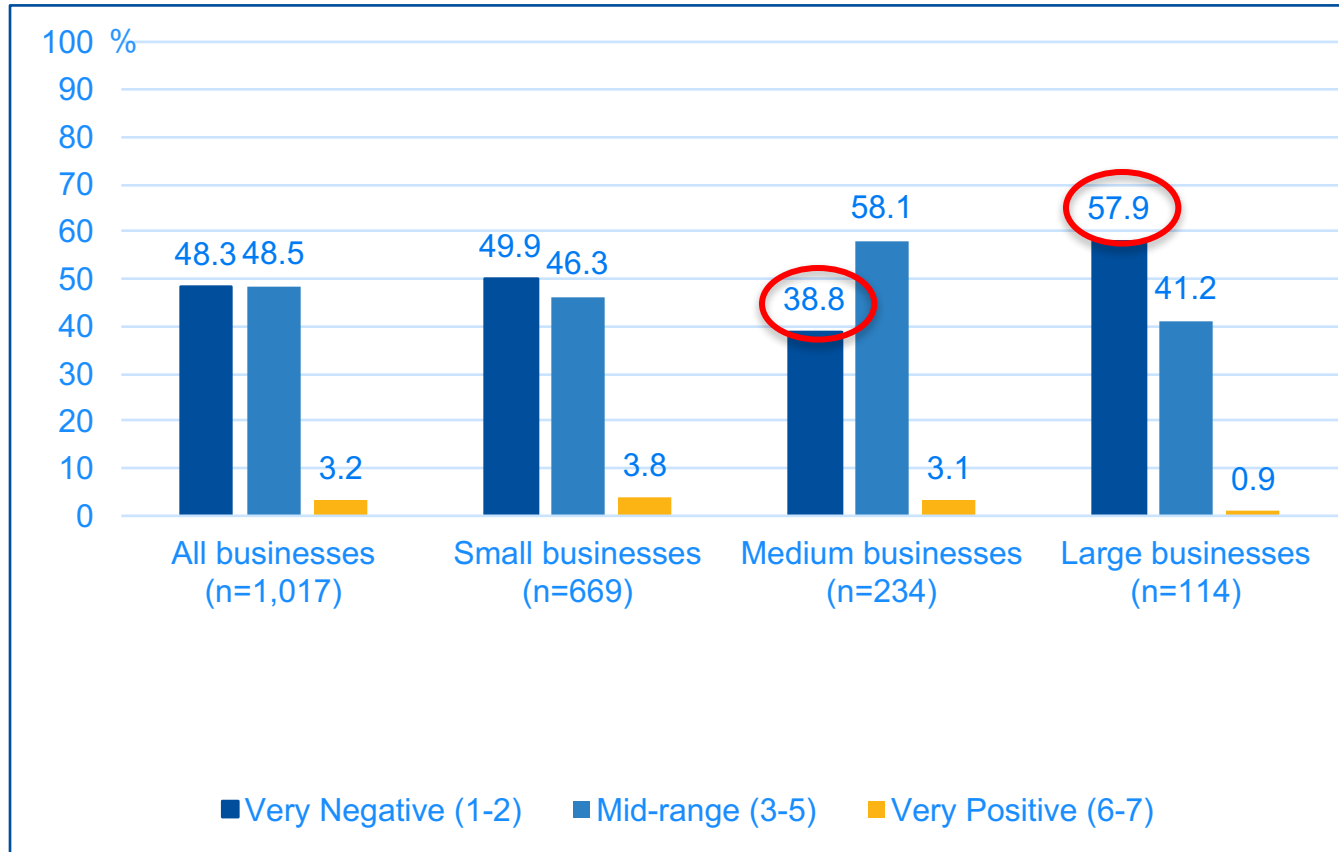
50% of predominantly Canadian businesses surveyed believe U.S. withdrawal will be very negative to the economy. This compares with 44% for businesses with a predominantly U.S. presence.



Q6. To what extent do you believe a U.S. withdrawal would affect the economy of the country where your company has the biggest presence (where 1 = “Very negative” and 7 = “Very positive”)?

Effect of U.S. withdrawal from NAFTA on the economy

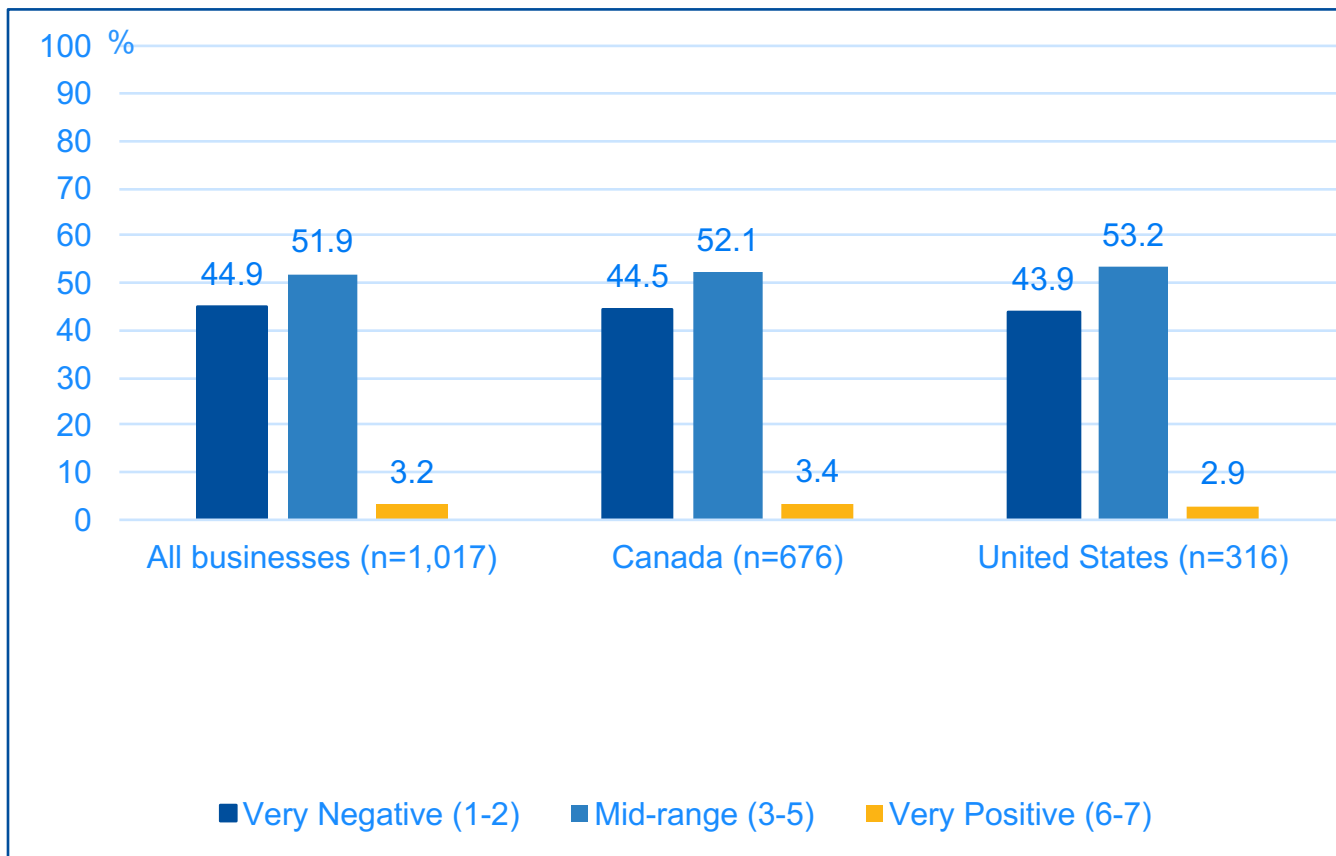
58% of Large businesses surveyed believe U.S. withdrawal will be very negative to the economy where they have the biggest presence. This compares with only 49% for Small businesses and 39% for Medium businesses.



Q6. To what extent do you believe a U.S. withdrawal would affect the economy of the country where your company has the biggest presence (where 1 = "Very negative" and 7 = "Very positive")?

Effect of U.S. withdrawal from NAFTA on their industry

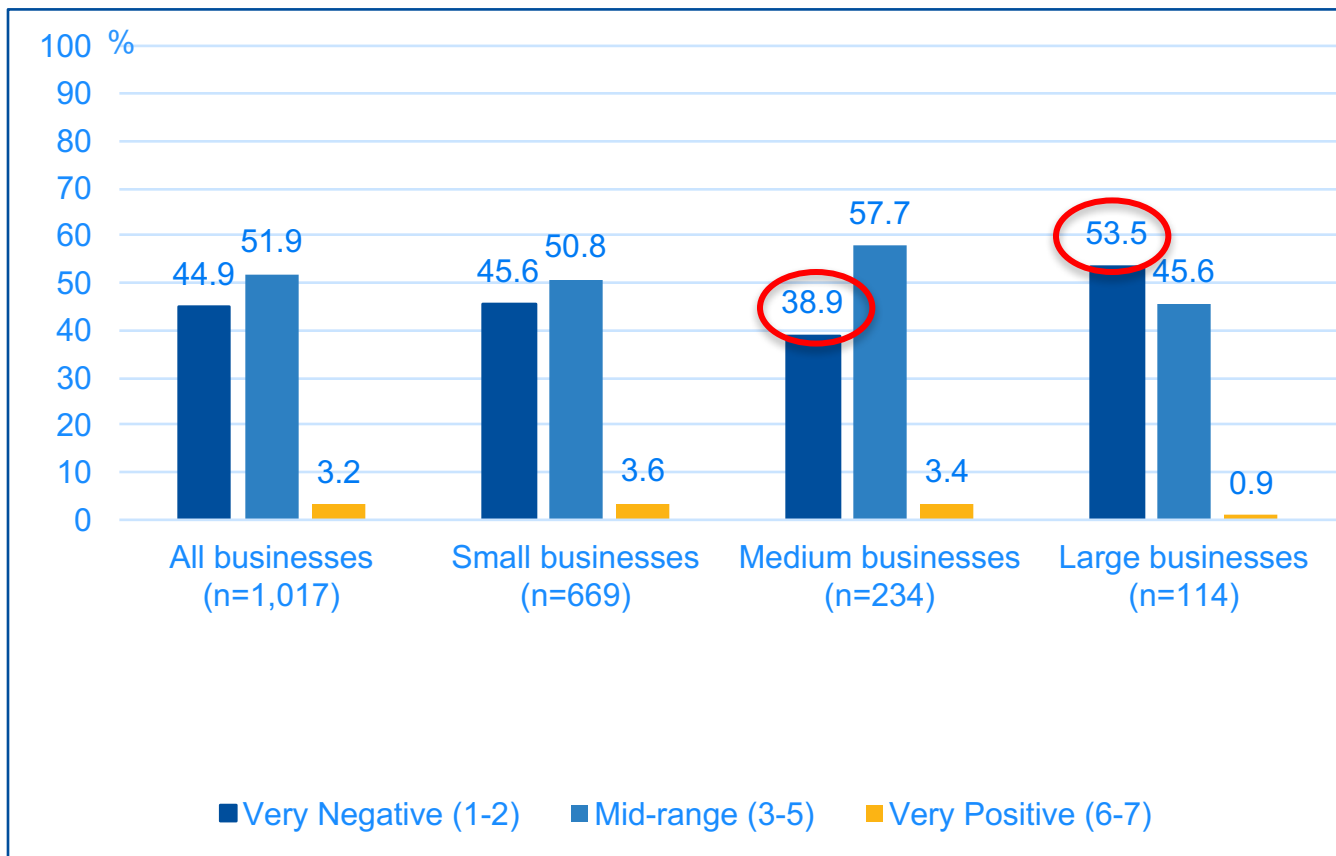
There is very little difference between predominantly Canadian and U.S. businesses regarding the effect of U.S. withdrawal from NAFTA on their industry.



Q7. To what extent do you believe a U.S. withdrawal would affect your industry (where 1 = “Very negative” and 7 = “Very positive”)?

Effect of U.S. withdrawal from NAFTA on their industry

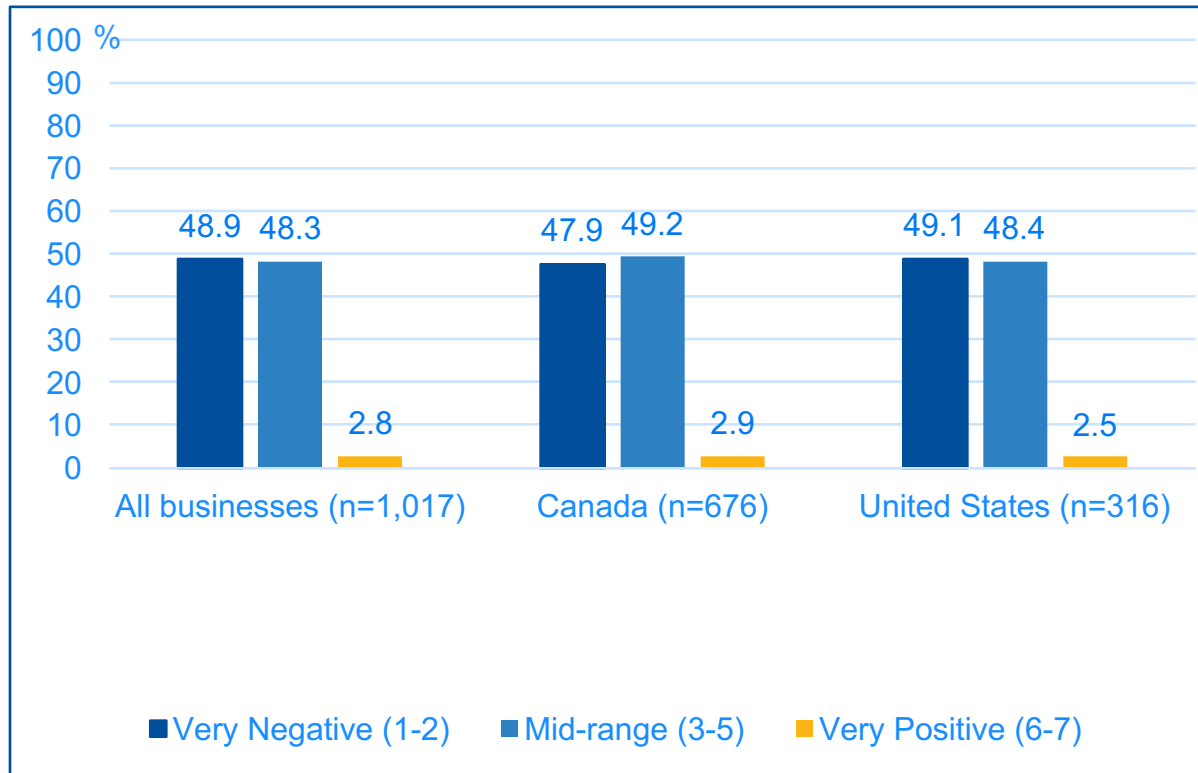
54% of Large businesses surveyed believe U.S. withdrawal will be very negative for their industry. This compares with only 45% for Small businesses and 39% for Medium businesses.



Q7. To what extent do you believe a U.S. withdrawal would affect your industry (where 1 = “Very negative” and 7 = “Very positive”)?

Effect of U.S. withdrawal from NAFTA on reduction of trade related costs

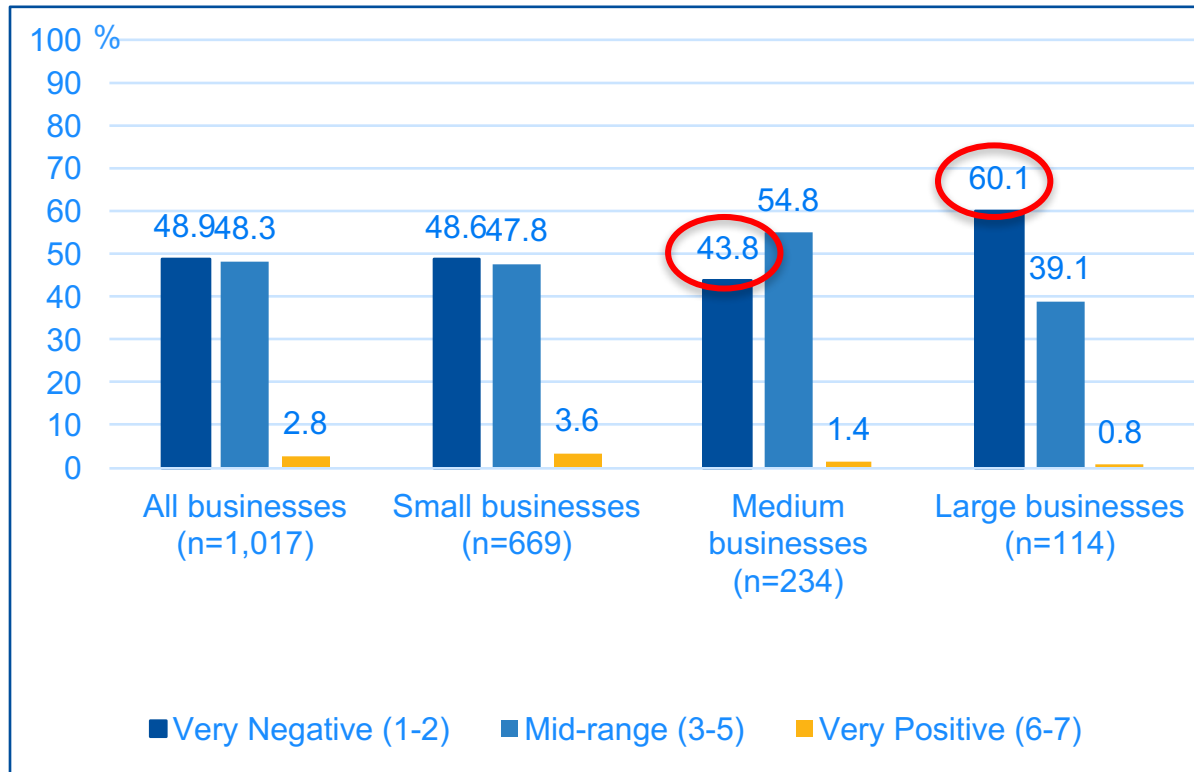
There is very little difference between predominantly Canadian and U.S. businesses regarding the effect of U.S. withdrawal from NAFTA on their reduction of trade related costs.



Q8. Thinking about the degree to which your company uses NAFTA extent to reduce trade-related costs, to what extent will you be affected by a U.S. withdrawal from NAFTA (where 1 = “Very negative” and 7 = “Very positive”)?

Effect of U.S. withdrawal from NAFTA on reduction of trade related costs

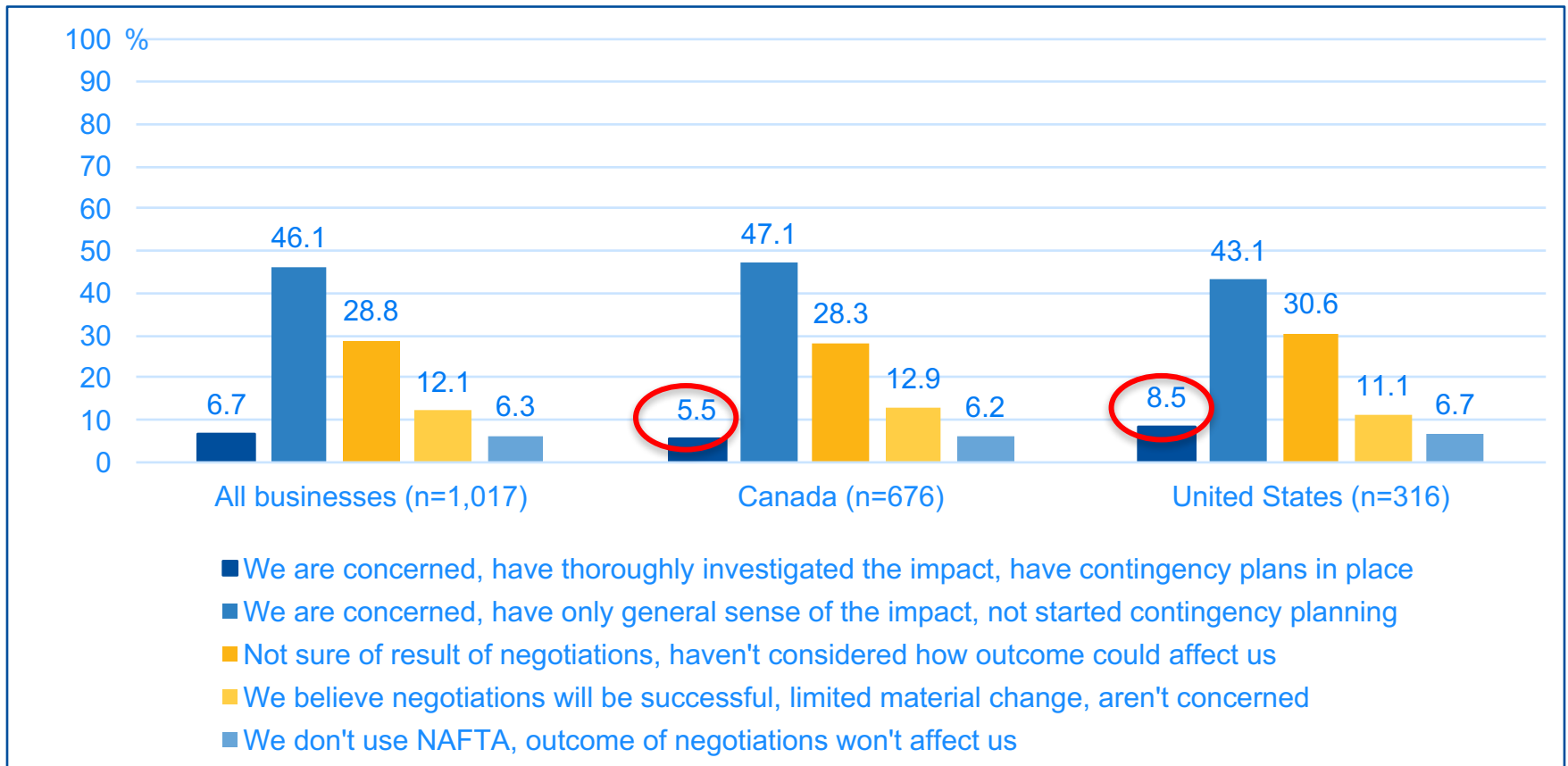
60% of Large businesses surveyed believe U.S. withdrawal will be very negative regarding their reduction of trade related costs. This compares with 49% for Small businesses and 44% for Medium businesses.



Q8. Thinking about the degree to which your company uses NAFTA extent to reduce trade-related costs, to what extent will you be affected by a U.S. withdrawal from NAFTA (where 1 = “Very negative” and 7 = “Very positive”)?

Approach to preparing for outcome of NAFTA negotiations

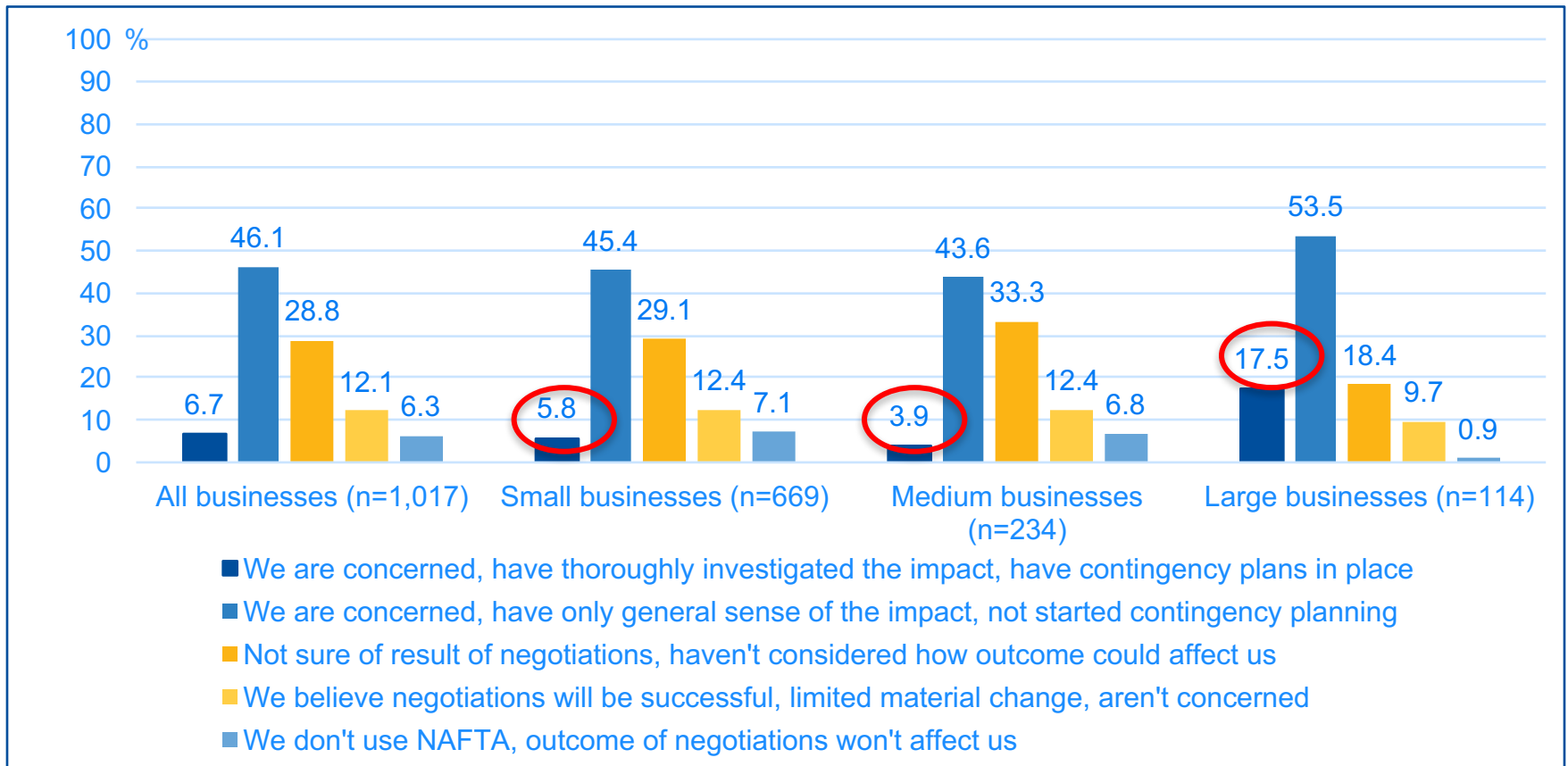
A slightly higher percentage of predominantly U.S. versus Canadian businesses surveyed say they are concerned negotiations will be unsuccessful, have thoroughly investigated the impact and have contingency plans in place (8.5% vs. 5.5%).



Q9. Which statement below best describes the degree to which your company might need support in the event of a U.S. withdrawal from NAFTA negotiations?

Approach to preparing for outcome of NAFTA negotiations

18% of Large businesses surveyed say they are concerned negotiations will be unsuccessful, have thoroughly investigated the impact and have contingency plans in place versus 6% for Small businesses and 4% for Medium businesses.



Q9. Which statement below best describes the degree to which your company might need support in the event of a U.S. withdrawal from NAFTA negotiations?

Response to a U.S. withdrawal from NAFTA

Response Options	All Business % of Total Mentions (n=1,727)
1. We'll incur greater landed costs which we'll incorporate in the price of our products, making us less competitive.	36.1
2. We'll incur greater landed costs which we'll have to absorb, forcing us to reduce investments in our business.	21.4
3. We'll be forced to completely reconfigure our supply chain.	11.9
4. It'll result in only marginally higher costs which we'll have little trouble absorbing.	10.2
5. The tariffs associated with imports into the U.S. will force us out of the U.S. market.	8.1
6. We'll be forced to stop using suppliers in Canada and Mexico.	4.2
7. It'll ultimately lead our company to go out of business	2.3
8. We don't use NAFTA.	5.8

Q10. Please read the statements below and check all that apply to your company.

Response to a U.S. withdrawal from NAFTA

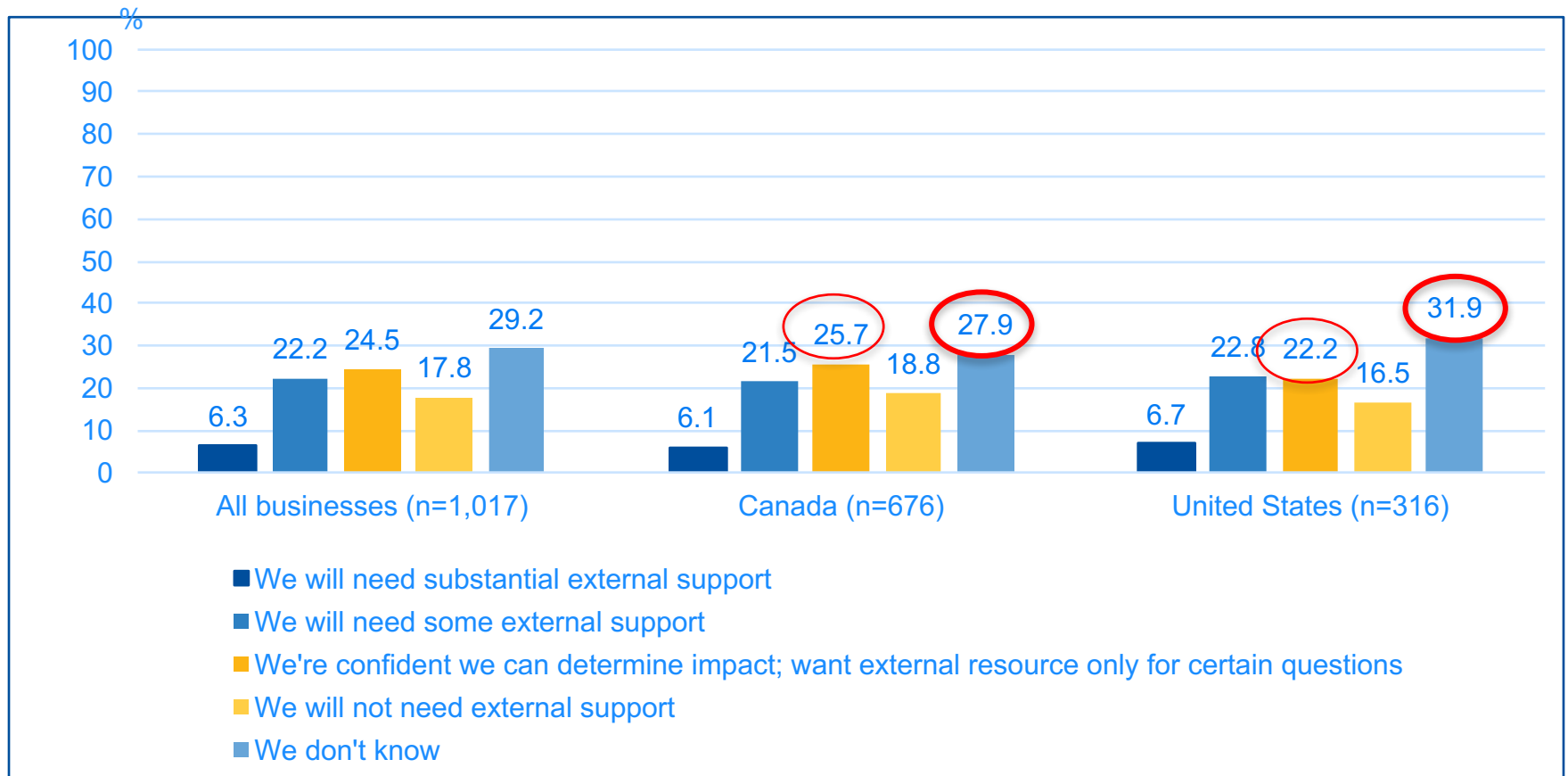
Response Options	All Business% of Total Mentions (n=1,727)	Canada Business % of Total Mentions (n=1,117)	U.S. Business % of Total Mentions (n=558)
1. We'll incur greater landed costs which we'll incorporate in the price of our products, making us less competitive.	36.1	37.4	33.5
2. We'll incur greater landed costs which we'll have to absorb, forcing us to reduce investments in our business.	21.4	20.1	23.3
3. We'll be forced to completely reconfigure our supply chain.	11.9	11.9	11.5
4. It'll result in only marginally higher costs which we'll have little trouble absorbing.	10.2	9.8	11.8
5. The tariffs associated with imports into the U.S. will force us out of the U.S. market.	8.1	9.4	5.3
6. We'll be forced to stop using suppliers in Canada and Mexico.	4.2	2.8	7.2
7. It'll ultimately lead our company to go out of business	2.3	2.3	0.8
8. We don't use NAFTA.	5.8	6.3	5.2

Response to a U.S. withdrawal from NAFTA

Response Options	All Business % of Total Mentions (n=1,727)	Small Business % of Total Mentions (n=1,155)	Medium Business % of Total Mentions (n=370)	Large Business % of Total Mentions (n=202)
1. We'll incur greater landed costs which we'll incorporate in the price of our products, making us less competitive.	36.1	35.2	37.6	38.1
2. We'll incur greater landed costs which we'll have to absorb, forcing us to reduce investments in our business.	21.4	19.7	22.4	29.2
3. We'll be forced to completely reconfigure our supply chain.	11.9	12.2	11.1	11.4
4. It'll result in only marginally higher costs which we'll have little trouble absorbing.	10.2	9.9	12.2	8.9
5. The tariffs associated with imports into the U.S. will force us out of the U.S. market.	8.1	9.5	5.9	4.0
6. We'll be forced to stop using suppliers in Canada and Mexico.	4.2	3.8	4.1	6.9
7. It'll ultimately lead our company to go out of business	2.3	3.0	0.8	0.5
8. We don't use NAFTA.	5.8	6.7	5.9	1.0

Need for support if U.S. withdraws from NAFTA

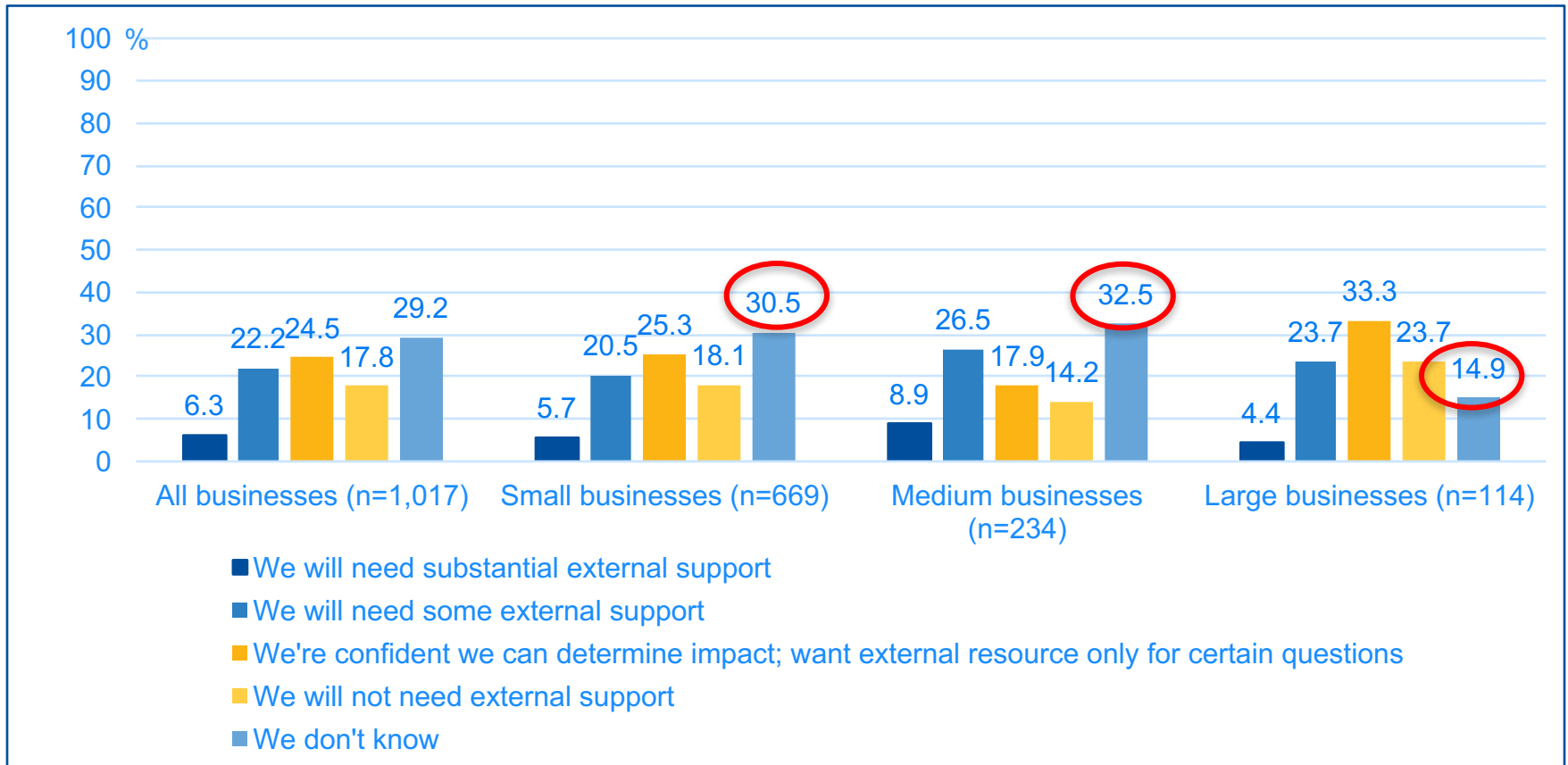
Only 32% of mainly U.S. businesses surveyed say they don't know if they need external support. This compares with 28% for predominantly Canadian businesses. More Canadian than U.S. businesses are confident they can determine the impact themselves (26% vs. 22%).



Q12. Which statement below best describes the degree to which your company might need support in the event of a U.S. withdrawal from NAFTA negotiations?

Need for support if U.S. withdraws from NAFTA

Only 15% of Large businesses surveyed say they don't know if they need external support. This compares with 33% for Medium businesses and 31% for Small businesses.



Q12. Which statement below best describes the degree to which your company might need support in the event of a U.S. withdrawal from NAFTA negotiations?

For More Information, please contact:

Dan Ovsey

Director, Public Relations & Marketing Communications

Livingston International

Phone: 1-800-387-7582 / ext. 3088

email: dovsey@livingstonintl.com