



THOUGHT LEADERS

TRADE & TARIFFS

Trade and tax experts discuss new tariffs and how they influence WNY companies



ALL PHOTOS: JOED VIERA

Christine Bonaguide, left, Mark Janulewicz and Rosanna Masucci say it's still too early to measure the impact of new tariffs on area companies engaged in foreign trade. The tariffs and trade discussion was the centerpiece of a Thought Leaders roundtable at Hodgson Russ LLP.

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Tariffs and cross-border trade are hot topics this year, thanks to trade renegotiations and a flurry of tariffs imposed by the Trump administration.

On Nov. 15, Business First in conjunction with Hodgson Russ LLP hosted a panel discussion to talk in depth about tariffs and trade.

Mark Janulewicz, tax partner at Lumsden & McCormick LLP, and Rosanna Masucci, director of the Buffalo Export Assistance Center of the U.S. Department of Commerce, joined Hodgson Russ partner Christine Bonaguide to offer an overview of the trade landscape.

Business First: Let's talk about tariffs. What are you hearing from clients?

Mark Janulewicz: Over the last several months, we've heard the perspective of clients who want to come to the United States (to do business). They're saying, "Let's take a wait-and-see approach." If the tariffs are where these businesses expect them to be in certain industries, they may not come to the U.S. The rhetoric from the federal government about how they want to protect American jobs has created some angst among smaller companies that considered coming to the U.S.

BF: Is that mindset a big change?

MJ: This is just my experience, but companies coming to the U.S. didn't really talk much about tariffs before. There was (the North American Free Trade Agreement) and free trade and they weren't worried about tariffs. ... Now they are, and places like Buffalo may suffer because those could be lost opportunities if Canadian businesses decide not to open operations here.

Rosanna Masucci: There was lots of talk about renegotiating NAFTA and now, just over a year later, we have a new agreement with the U.S. Mexico Canada Agreement (USMCA). I think it's easy to say

that nobody's going to want to come to the U.S. and invest, but that's not true. People are still going to want to invest in the U.S. but it's a matter of taking their time and making deliberate decisions about where they want to locate. I would argue that maybe it even makes the Western New York region more attractive because this area is probably a lighter lift for a lot of Canadian companies. That's just my opinion; I have no stats to back this up at all. But I'm thinking that it's pretty easy to come to Western New York. We're very favorable for Canadian companies that want to come here. I just think there's a lot of uncertainty and people are concerned about that, but I'm not

with ROSANNA MASUCCI and MARK JANULEWICZ

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sure if in the long run it's really going to make that much of a difference in terms of who's going to locate to the U.S. and who's not.

BF: Let's think about NAFTA. Was there any damage done to the U.S.-Canada relationship because of the way those negotiations were handled?

RM: There was the threat of pulling out of NAFTA which apparently was a negotiating tactic, but nothing really changed. Companies still took advantage of it. Now the USMCA is coming and hopefully when it is passed, it will sort of replace NAFTA. It's difficult because there was so much talk going on and companies had to really focus on what is actually happening.

Christine Bonaguide: I was at an event in Toronto about six weeks ago ... and I heard people talking about the United States ... For the first time I heard Canadian businesspeople (expressing) a negative view of the United States and our trade relationship. That was surprising and disappointing because we need Canada, not just for business but also security and tourism. They come here; we go there. It's a big part of both countries' economies and we should have a close relationship with them. Even if the motivation for changing the trade relationship is the right approach, I think the level of rhetoric was not helpful and might hurt not only trade but other areas. Canada did look to other countries to try to diversify the markets with which it deals – they looked to the (European Union) and South America – and I think (the U.S.-Canada trade negotiations) speed up that process of diversification for them.

MJ: When I go out to events with clients, they have said they don't like the threatening tone of the negotiations. That's what clients are saying. I'm not saying I agree with it or disagree with it, but they certainly weren't happy about it. They're saying a lot of people in Canada are not thrilled with the way our federal government dealt with the Canadian government.

BF: How can we move past that?

MJ: It may (positively) affect our trade position, but it may negatively affect us because Canada may now choose to do business with countries other than the U.S. I think that's where we have an advantage here in Western New York, being so close to the border. We can leverage that and we have a lot of great benefits here to help Canadian businesses. But at the end of the day, that's more of a big-picture view. It's hard to say what will happen.

CB: I think the business-to-business (relationships) aren't the issue; I think those are solid. But there's a negative impression left on Canadians about the way we approached these trade negotiations and that may linger.

► CLOSER LOOK AT THOUGHT LEADERS

Thought Leaders is an ongoing series of discussions with Western New York business leaders and attorneys at Hodgson Russ LLP.

Each month, leaders in diverse industries meet for a roundtable discussion moderated by Business First journalists. Excerpts from the conversation are published after the roundtable.

Discussions are held in the law firm's Pearl Street offices in Buffalo.



“I think like anything else, businesses will adjust. They'll adjust to profit margin expectations. They'll adjust what they pass on to the customer. They might look at different vendors. That's something to start exploring. But businesses still want to do business in the United States. They'll adjust and over the long haul they will figure this out.”

“We had one high-profile client who said, ‘Because of tariffs, we're just not going to do business here.’ I've not had any direct conversations with the clients, but it's public knowledge that they stopped manufacturing in Buffalo because of tariffs. So that's an option.”

MARK JANULEWICZ, tax partner, Lumsden & McCormick LLP



“Whenever you have a new administration, they come in and have new rules and priorities. I've been around through the Bush administration, then the transition to the Obama administration and then the transition to the Trump administration. They're all different but, for the most part, across parties everyone encourages trade and wants more companies to participate in trade.”

“Whether or not you agree with the tariffs, people will still want to do business in the United States. And I think that uncertain feeling right now isn't necessarily stopping them.”

ROSANNA MASUCCI, director, Buffalo Export Assistance Center of the U.S. Department of Commerce

► HODGSON'S TAKE



“Companies (want) to plan around changes in tariffs and trade law and policy. It can be uncomfortable to wait and see what happens. Look at the run-up to NAFTA. It was difficult to figure out the impact if NAFTA stayed, changed or went away. That uncertainty makes it difficult for businesses to plan and grow, so they are naturally conservative until things shake out.”

CHRISTINE BONAGUIDE, partner, Hodgson Russ LLP