

Editorial ? NAFTA: dead in the water?

Not surprisingly, the fourth round of tripartite talks on potential changes to the North American Free Trade Agreement (NAFTA) wound up last Tuesday with the Canadian and Mexican delegations faced with the challenge of responding to United States demands that will set the stage for the trade pact's demise.

If there's any doubt about that prospect, it should disappear by simply examining what U.S. President Donald Trump has been doing elsewhere in his first nine months in office.

Despite having some of the lowest public approval ratings of any U.S. president, Trump has continued to enjoy the support of his base, dominated by white, elderly males with minimal education who get their information exclusively or mainly from social media and hence yearn to see a return to the years before globalization.

They might not all be white supremacists, but a substantial portion of the 'Trump base' likely is, and quickly subscribe to Trump's claims that everything done by his predecessor was wrong-headed and had to be reversed, whether it was Obamacare, his moves to protect the environment or the achievement of the Iran nuclear deal.

And although NAFTA was negotiated many years ago, Trump portrays the deal as anti-American and the cause of both millions of jobs leaving the U.S. and a huge trade deficit with Mexico, albeit a much smaller one with Canada.

So it is that while the three nations' negotiators have seemingly agreed on the need for the trade deal to be modernized, the Trump administration has come up with some demands it must know its neighbours could not accept, some of them targeting Canada more than Mexico.

The demands include forcing renegotiations every five years, reserving the lion's share of automotive manufacturing for the United States and making it easier to pursue import barriers against some Canadian and Mexican goods.

U.S. Trade Representative Robert Lighthizer made no apologies about his hard negotiating line, which he has said reflects Trump's desire to claw back lost manufacturing jobs and shrink U.S. goods trade deficits amounting to \$64 billion with Mexico and \$11 billion with Canada last year. Meanwhile, Trump has continued his attacks on NAFTA, repeating his threats to terminate the pact if Mexico and Canada won't agree to such changes.

U.S. negotiators opened a new front last weekend with a demand that Canada dismantle its supply management system of protections for the dairy and poultry sectors, but more serious aspects of the U.S. bullying include opposition to NAFTA's dispute resolution mechanisms, and new restrictions on Canadian and Mexican firms' ability to bid on U.S. public-sector projects.

The Canadian and Mexican positions on NAFTA are enjoying support from some U.S. industry, farm and services lobbying groups who oppose the Trump proposals and are stepping up efforts to persuade administration officials to ease them.

In the circumstances, the Trudeau government needs to look seriously at how to counteract the damage that will be done by Trump pulling the plug on NAFTA.

Although one option might be to go back to a bilateral agreement, by resurrecting the Canada-U.S. free trade agreement, more success might be enjoyed by working with the U.S. Congress to reverse or modify trade sanctions imposed by executive order. The objective would be to find a bipartisan majority in Washington that sees a brighter future for U.S. workers in free trade rather than protectionism, as well as in green energy instead of a return to coal and a more open door to refugees rather than travel bans.