

Trump triggers renegotiation of NAFTA

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With a letter to lawmakers Thursday, US Trade Representative Robert Lighthizer formally triggered the 90-day consultation period required before the renegotiation of the North American Free Trade Agreement (NAFTA) can begin. The move was a key pledge of President Donald Trump during last year's election campaign and comes after the Trump administration has ratcheted up tensions with Mexico and Canada over recent months, including with a threat in April to ditch NAFTA altogether.

Trump demagogically attacked Mexico during the presidential election campaign for stealing American jobs and since coming to power, with the full support of the right-wing trade union bureaucracy, has taken steps to push forward with his "buy American, hire American" agenda. This amounts to offering business tax breaks and other incentives to major corporations so as to entice them to maintain and expand production at US manufacturing plants on the basis of low wages and minimal or no workplace benefits.

Lighthizer's letter stated that the goal of the talks was to improve "US opportunities" by modernizing parts of the agreement that were "outdated." He cited concerns related to intellectual property rights, state-owned enterprises and customs procedures. He also vowed to overturn chapter 19 of the deal, which provides for the appointment of a two-judge panel to rule on anti-dumping cases when disputes arise between NAFTA members.

Washington is seeking to renegotiate NAFTA in order to bolster US corporate interests through the adoption of protectionist and economic nationalist measures. Trump has made clear that this is not merely an issue of trade in North America, but will form the basis of Washington's aggressive efforts internationally to retain its hegemonic position against emerging rivals, above all China and Germany. Trump's "America first" strategy will not only be limited to trade negotiations and diplomatic initiatives, but is closely bound up with the Trump administration's ever more open resort to dangerous military provocations, whether these take place in the Middle East over Syria or in the Asia-Pacific over North Korea.

The close connection between economic protectionism and

Washington's increasing reliance on military force was underscored by the language used by leading US officials to characterize the talks. Wilbur Ross, Trump's commerce secretary, declared earlier this month that with respect to trade laws, the Trump administration would pursue "stricter enforcement than any previous administration," and added that Washington would push for "a far more aggressive meeting schedule" than usual in the NAFTA renegotiation process.

Ross attacked Mexico last month for allowing cheap Chinese goods into the country, which he alleged then found their way into the US. "The whole idea of a trade deal is to build a fence around participants inside and give them an advantage over the outside," he declared.

The NAFTA renegotiation takes place in the context of a dramatic strengthening of economic protectionism around the world over recent months. Trump administration officials, including Treasury Secretary Stephen Mnuchin, have insisted upon the removal of even a token reference to efforts to combat protectionism in the text of agreements reached at recent international financial gatherings, including the G7 finance ministers meeting in Germany and the IMF's spring meeting. This resulted in a sharp rise in tensions between the US and Europe, as Germany in particular, which relies heavily on exports, criticized Trump's policies and threatened to respond in kind to the adoption of any tariffs.

The NAFTA talks will be made even more uncertain by the ongoing political crisis in Washington, which saw the appointment of an independent counsel this week to oversee investigations into the Trump administration's alleged ties to Russia. Under increased pressure from the Democrats and substantial sections of the military-intelligence apparatus, the potential for abrupt shifts in policy, such as the Trump administration seizing on specific points of friction to lash out at its economic rivals and divert attention away from its internal difficulties, cannot be excluded.

At the same time, sections of the Democratic Party are no less committed to the adoption of protectionist measures than the Trump administration. Democratic Senator Ron Wyden harshly attacked Lighthizer's letter for not going far

enough, complaining that it was “disappointingly vague.”

The vast majority of US corporations are opposed to scrapping the deal. The manufacturing sector, and the auto industry in particular, has developed cross-border supply chains including factories in all three NAFTA members since the deal was signed in the early 1990s.

But regardless of such desires, the protectionist tensions incited over recent months could prove difficult to control. The Commerce Department announced the same day as Lighthizer’s letter was sent to Congress the launching of anti-dumping investigations against Canada’s Bombardier. US aircraft manufacturer Boeing has alleged that the Montreal-based firm’s C-Series jets have breached anti-dumping laws. Following the announcement, the Canadian government fired back a warning shot by threatening to halt the purchase of 18 Boeing Super Hornet fighter jets.

Earlier this month, Trudeau said his government would study the option of blocking US companies from exporting thermal coal through the port of Vancouver, British Columbia.

The Bombardier spat follows comments by Trump in April in which he denounced Canada’s supply-managed dairy sector for unfairly treating US farmers. Ross subsequently slapped tariffs of 24 percent on softwood lumber imports in a long-running trade dispute.

This was swiftly followed by Trump’s threat to withdraw from NAFTA if talks do not go his way. An executive order had reportedly been drafted by right-wing nationalist adviser Stephen Bannon and Peter Navarro, Trump’s top economic adviser, who has led the administration’s aggressive criticism of China and Germany on economic issues.

Nonetheless, the Canadian bourgeoisie remains overwhelmingly in favour of reaching a deal with the United States, which is the destination for 75 percent of Canadian exports and fully 99 percent of oil exports. Prime Minister Justin Trudeau’s strategy of establishing a close partnership with Trump has received cross-party backing, exemplified by his appointment of former Progressive Conservative Prime Minister Brian Mulroney, a friend of Trump, as the Liberal government’s special adviser on dealing with the administration. Trudeau’s efforts have involved a pledge that Canadian military forces will align even more closely with Washington, through a beefed-up commitment to NATO and a promise to modernize the North American Aerospace Defence agreement.

Ottawa has even indicated that it would be prepared to ditch Mexico in order to maintain its strategic military partnership and reach a new trading arrangement with the United States. Speaking recently to the House of Commons Foreign Affairs Committee, Maryscott Greenwood, head of the Canadian-American Business Council, told MPs, “If it’s

politically impossible ... for the U.S. to move forward with a comprehensive economic relationship with Mexico for various reasons – Mexican politics, U.S. politics – then we think, ‘Don’t be delayed by that; move forward with a bilateral negotiation’.”

Lighthizer hinted Thursday that similar considerations were being weighed in Washington. “I would note that many of these negotiations will be bilateral and many of the issues are bilateral, but our hope is that we will end up with a structure that is similar to what we have now,” he stated. “If that proves to be impossible, we will move in another direction.”

Mexican officials reacted by cautiously welcoming the talks. The Mexican economy, a third of which is made up of exports, relies heavily on its access to the US market. Mexican governments have offered up workers as a cheap labour force for US and Canadian corporations, which have expanded investment under NAFTA. “We do have a preference: The agreement is trilateral and should continue to be a trilateral platform,” Mexican Foreign Minister Luis Videgaray said in Washington.

A critical role in facilitating the growth of economic nationalism and protectionism has been played by the trade unions, which have been transformed over the past three decades into appendages of corporate management and the state, and have responded to globalization by dividing workers in North America along national lines. Trump’s reactionary economic agenda has been endorsed by unions including the United Auto Workers and United Steelworkers, whose president, Leo Gerard, was present as an invited guest at the White House last month when Trump signed an executive order initiating an investigation into the dumping of foreign steel products.

In Canada, major unions like Unifor have argued that the reopening of NAFTA offers the chance to strengthen the position of Canadian corporate interests. The trade-union aligned New Democratic Party has just concluded a right-wing election campaign in British Columbia in which it advanced an economic protectionist programme to which Trump could have easily subscribed.



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