

Trump administration stakes out hardline trade position as NAFTA talks begin

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Talks to renegotiate the North American Free Trade Agreement (NAFTA) got under way in Washington Wednesday with US Trade Representative Robert Lighthizer pledging to push for sweeping changes to the 23-year-old trilateral agreement.

Speaking at a press briefing following the first meeting of US, Canadian and Mexican negotiators, Lighthizer bluntly laid out the Trump administration's aggressive "America first" approach, which aims to establish a North American protectionist trade bloc dominated by the US. Praising Trump's economic nationalist agenda, which has also been fully endorsed by the trade union bureaucracy, Lighthizer declared, "I want to be clear: He is not interested in a mere tweaking of a few provisions and a couple of updated chapters. We feel that NAFTA has fundamentally failed many, many Americans and needs major improvement."

Throughout last year's election campaign, Trump denounced NAFTA as the "worst agreement ever" and earlier this year even toyed with the idea of pulling the US out of the agreement, only withdrawing the threat after eleventh-hour appeals from Canadian and Mexican politicians, some of his economic advisers, and corporate lobbyists.

The tough rhetoric notwithstanding, the main target of the protectionist and nationalist agenda being pursued by Trump is not Mexico and Canada, but Washington's chief global economic and geopolitical rivals: China and Germany. This is underscored by the US' main goals of the renegotiation, which include adopting provisions to guard against currency manipulation, state-owned enterprises and state subsidies to certain industries. Lighthizer also made clear Wednesday that a concerted effort will be made to increase the percentage of a product that must be manufactured in North America, the so-called rules of origin, in order for it to be sold tariff free in a NAFTA country. Currently, 62.5 percent of cars and other vehicles must be built in the three NAFTA members.

All of these measures are aimed at China. Trump has repeatedly denounced Beijing as a currency "manipulator" and has launched an investigation into the alleged dumping of steel into the US market. The crackdown desired on state-owned enterprises is primarily aimed at preventing Chinese companies from accessing investment opportunities in North America.

But far from being a defensive strategy, Trump and Lighthizer hope that the new NAFTA will form the basis for the projection of US economic power around the world, and in the Asia-Pacific and Europe in particular. Recent years and months have seen a rapid breakdown of the post-war economic order, and the opening up of deepening economic and geopolitical tensions, including between long-term allies such as America and the Western European powers. Throughout the summer, Washington and Berlin have been trading increasingly aggressive statements. This reached a high point after the US Congress unilaterally imposed sanctions on Russia which threatened to hit European firms, especially in the energy sector, prompting the European Union to announce that it would adopt counter-measures if any of its companies are adversely affected.

The growing economic tensions point to a revival of the same fundamental divisions that emerged during the Great Depression of the 1930s, when competing trade blocs reverted to beggar-thy-neighbour protectionist measures and in the process paved the way for the explosion of imperialist rivalries in World War II.

While conflicts do exist over Trump's brazen attempt to revise NAFTA in the interests of corporate America, Canadian imperialism and the ruling class in Mexico are on board with Trump's protectionist agenda. The Liberal government of Justin Trudeau has gone out of its way since January to build close working relations with Trump, declaring its readiness to participate in a North American protectionist trade bloc and step up military and security cooperation with Washington by modernizing NORAD.

Canadian negotiators are reportedly considering the adoption of a more openly hostile stance towards China and other potential rivals so as to enable Trump to claim victory in the negotiations. According to the *Globe and Mail*, the newspaper of Canada's financial elite, *agreeing* to more stringent measures to prevent market access for goods produced outside of NAFTA countries would allow Trump to present this to his far-right base as a "victory" and remove the need for the adoption of a specifically US quota for manufactured goods, a provision which Lighthizer appears to favour. The *Globe's* Campbell Clark admitted that consideration was being given to "use

NAFTA as a tool against those other countries,” before noting, “You could imagine how it might be of interest to Mr. Trump, if he could tell American workers that he had turned NAFTA—a term many Americans see as a synonym for unfair trade—into a tool to fight unfair competition from Chinese makers of steel or plastics or machinery.”

Mexican officials indicated they could accept such a strategy last month following the release of the US’ objectives for the NAFTA talks. It was suggested that the Mexican government would consent to stricter controls on imports because it would enable the country to expand its manufacturing of electronic goods rather than import them from China.

However, significant internal divisions among the three countries could hamper this approach. Lighthizer insisted that Washington wants to eliminate the trade deficit with Mexico, while both Canadian and US corporate interests are keen to take advantage of the talks to exploit the opening up of Mexico’s multi-billion dollar energy sector.

The Trump administration also wants to do away with the dispute resolution mechanism, referred to as Chapter 19. Under this regulation, a binational panel of judges issues a binding ruling on trade or investment disputes that arise between two NAFTA members. The Canadian government has said in no uncertain terms that the retention of this provision is one of its central goals, since it has enabled Ottawa to block US trade actions. Ottawa would also oppose national rules of origin.

Another potential irritant is almost certain to emerge over Canada’s supply management system, under which the amount of dairy and poultry products is regulated to guarantee prices. The US will push to remove or at least loosen such controls, with Lighthizer pledging Wednesday to open up new markets for US agricultural products.

For her part, Canadian Foreign Minister Chrystia Freeland is hoping to get Washington to agree to open government contracts to Canadian firms and make it easier for professionals to travel across NAFTA borders.

NAFTA is without doubt a reactionary agreement, which has benefited the major corporations in the US and Canada, and helped enrich the fabulously wealthy ruling elites in all three countries. In Mexico, NAFTA led to the destruction of the livelihoods of many small farmers and agricultural workers, and created sweatshop labour conditions in auto and other manufacturing industries. As talks got under way in Washington Wednesday, thousands of farmers and workers marched in Mexico City, calling for the repudiation of NAFTA.

In the US and Canada, the corporations, with the full backing of the trade union bureaucracy, used the threat of outsourcing to ram through successive wage and benefit cuts on the working class to boost corporate profits.

Working people throughout North America cannot defend their interests by lining up with their “own” bourgeoisie. The only way to oppose rapidly accelerating social inequality, and the assault on decent-paying and secure employment is through

the adoption of an internationalist and socialist programme. Only on this basis can the vast globally-integrated productive processes be used to meet the needs of the great majority of the population, rather than the profit interests of a tiny minority.

But it is precisely such a perspective which the trade unions adamantly oppose. The union bureaucracies in Canada and the US have seized on the NAFTA talks to whip up virulent nationalism, sowing the fatal illusion that workers can best secure their interests by calling for Ottawa and Washington to adopt economic nationalist and protectionist measures.

Jerry Dias, head of Unifor, the largest private-sector union in Canada, has twice met with Trump’s commerce secretary, the corporate raider Wilbur Ross, to press his case that Mexican workers are to blame for the devastating decline in workers’ wages. Speaking from Washington, where Dias and fellow union bureaucrats are advising the Canadian negotiating team, he abandoned all restraint by openly arguing for the defence of corporate Canada’s interests. “We have a lot to offer so we ought not to go in concerned about what the American or the Mexican governments are going to do and the positions they’re going to take,” he proclaimed. “We should be bold in our convictions and stand firm.”

For its part, the AFL-CIO released a petition appealing to Lighthizer to “stand firm” in the negotiations. AFL-CIO president Richard Trumka only reluctantly resigned from one of Trump’s advisory councils this week in the wake of Trump’s defence of the neo-Nazi rampage in Charlottesville, while other union leaders like the Steelworkers’ Leo Gerard and UAW’s Dennis Williams have fully embraced Trump’s economic nationalism.



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