

# Trump threatens to jettison NAFTA, as trade disputes intensify

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With Canadian Prime Minister Justin Trudeau standing at his side, US President Donald Trump repeated Wednesday his threat to pull the US out of the North American Free Trade Agreement (NAFTA).

Following a brief White House meeting with Trudeau, that was overshadowed by escalating Canada-US trade tensions, Trump said that if the US-initiated talks to “modernize” NAFTA failed, his administration would scuttle the 23 year-old trade pact. “It’s possible we won’t be able to make a deal,” said Trump, adding “I think Justin (Trudeau) understands this, if we can’t make a deal, it will be terminated and that will be fine.”

Trudeau, whose Liberal government has bent over backwards to develop a closer working relationship with the Trump administration in the hopes of maintaining Canadian big businesses’ privileged access to the US market, subsequently acknowledged that NAFTA is perilously close to collapse. “We’re ready for anything,” he told a press conference later Wednesday.

Whether the Canada-US-Mexico trade agreement is ultimately refashioned or unravels, the negotiations over NAFTA 2.0 have already demonstrated that the world capitalist crisis that exploded in 2008 has entered a new stage, marked by a turn to “beggar thy neighbor” economic nationalist and protectionist policies, which as in the 1930s are fueling explosive inter-imperialist and great-power rivalries.

The Trump administration, in keeping with its reactionary “America First” agenda, is seeking to reorganize NAFTA to make it a more explicitly North American protectionist economic bloc, firmly under Washington’s domination. In the name of “fair trade,” US negotiators are demanding massive concessions from Mexico, including the elimination of its \$50 billion-plus trade surplus with the US. Canada, as exemplified by the recent US Commerce Department decision imposing countervailing and dumping tariffs of 300 percent on Bombardier C-Series jets, is also facing a host of unpalatable demands.

But Trump’s chief target is America’s main global economic rivals—China, Germany, and to a lesser extent, Japan. US negotiators are very much approaching the NAFTA negotiations from the standpoint of making it a better platform from which to vie for markets, resources and profits around the world. In the midst of the NAFTA talks, Washington has launched a series of trade actions expressly targeting Germany and China, including ordering an investigation into whether steel and aluminum imports are imperiling US “national security.”

This aggressive drive goes hand in hand with the further escalation of the US military-strategic offensives in the Middle East and against Russia and China, including in recent weeks repeated threats on the part of Trump and US Defense Secretary James Mattis to “annihilate” North Korea, a close ally of Beijing.

Canada has dramatically expanded its military-security partnership with the US over the past quarter century, as Washington has sought to offset the erosion of American global economic predominance through a series of ruinous wars. This is because Canada’s imperialist elite calculates that it can best assert its own increasingly important global interests in alliance with Washington and Wall Street.

To virtual unanimous applause from the Canadian media and political establishment, Trudeau has sought to demonstrate to Trump and his cabinet of generals and billionaire cronies that Canada is America’s staunchest ally. This has included steps to further align Canada’s military and security policies with those of Washington, by announcing a 70 percent hike in military spending by 2026 and agreeing to a US request to “modernize” NORAD (the North American Aerospace Command).

Significantly, Trudeau did not rule out striking a bilateral trade pact with Washington should the NAFTA talks fail, after Trump publicly raised the possibility when he appeared with the Canadian prime minister at the conclusion of their meeting.

Although the issue has been all but blacked out in press coverage of their talks, Trump hinted the two countries would deepen their security-military cooperation as he went into his meeting with Trudeau. The US President, who last week likened a dinner with high-ranking military officers as the “calm before the storm,” remarked that in addition to defense, “I guess we’ll also be discussing mutual offense, which people don’t mention too often.”

## Throwing Mexico under the bus

The suggestion of a bilateral Canada-US trade pact prompted Arturo Sarukhan, Mexico’s former ambassador to the US, to bluntly state, “Some of us in Mexico think that on several occasions our Canadian friends have come close to throwing us under the bus.”

NAFTA’s demise would accelerate the rise of protectionism

around the world, further fueling tensions between the major powers and paving the way to global trade war and military conflicts.

However, NAFTA's fate is by no means sealed. Substantial sections of the corporate elite in both the United States and Canada want to retain it, seeing it as the best means to continue to ratchet up the exploitation of the working class and compete on the global stage with their main rivals. Over 300 US state and local chambers of commerce addressed an appeal to Trump Monday, urging him not to withdraw from NAFTA.

Thomas Donohue, head of the US Chamber of Commerce, sharply criticized the negotiating tactics being pursued by Trump administration officials in the talks, describing some of the US demands as "poison pills" designed to scuttle any deal.

One of these proposals would grant American companies sweeping access to government procurement contracts in Mexico and Canada, while making any US procurement contracts won by Canadian and Mexican firms conditional on US companies being awarded similar-sized procurement contracts in the home country of the company involved.

US officials also want a hike in the percentage of cars and other vehicles that must be produced in a NAFTA country to qualify for tariff-free access, from the current level of 62.5 percent to 85 percent. In addition, 50 percent of a vehicle would have to be produced in the US.

Wilbur Ross, Trump's Commerce Secretary, acknowledged the hard line adopted by Washington in comments this week, suggesting that government procurement and auto content demands were nonnegotiable. Said Ross, "I think that you will find we will get increased percentages in the rules of origins and I think you'll find the car companies will adapt themselves to it."

US negotiators are also expected to demand a so-called sunset clause that would cause NAFTA to expire after five years if all three countries do not agree that it continue, an idea strongly attacked by business groups for the uncertainty it would create for investors.

Washington's aggressive drive to bolster US big business at Canada's expense constitutes a huge crisis for the Canadian bourgeoisie, given the importance of its strategic partnership with Washington and dependence on the US market. Fully three-quarters of Canada's exports go to the US.

Not only are Washington and Ottawa at loggerheads over NAFTA and the trade action that Boeing, America's largest export earner, initiated against Bombardier. Following on from the actions taken by the previous Obama administration, the US Commerce Dept. has imposed tariffs of more than 20 percent on Canada's softwood lumber producers.

At their Wednesday meeting, Trudeau told Trump that in retaliation for the tariffs on Bombardier, Canada is scrapping a planned purchase of Boeing Super Hornet fighter jets and will instead buy used FA-18 fighters from Australia. Provincial governments aligned with Trudeau, including Kathleen Wynne's Liberals in Ontario, have threatened to impose "buy Ontario" provisions in retaliation for any US measures against Canada.

While in Washington, Trudeau held a meeting with the House Ways and Means Committee, hoping to secure support of key US

Congressmen for maintaining NAFTA and, in the event that proves impossible, for a bilateral trade deal. According to reports of the gathering, committee members urged Trudeau to lift restrictions on dairy and poultry imports, and the prime minister pushed back by citing US government programs to support agriculture.

Divisions between Washington and Mexico City are even more pronounced. Mexican officials, according to media reports, increasingly appear to be accepting the likelihood that they will be expelled from NAFTA. "Mexico is much bigger than NAFTA. We have to be prepared for the different scenarios that could come out of this negotiation," Foreign Minister Luis Videgaray Caso told the Mexican Senate Tuesday.

NAFTA has been used by US and Canadian big business, and their junior partners in Mexico, to pit workers against each other in a race to the bottom.

The unions have been complicit in this, systematically suppressing the class struggle and imposing wage and benefit cuts and speed-up in the name of saving "American" or "Canadian" jobs.

Now with the commercial struggle intensifying, the pro-capitalist unions are lining up behind their respective governments and ruling elites to support trade measures aimed at pushing more of the burden of the economic crisis onto "foreign" workers.

The AFL-CIO, the United Steelworkers, and Canada's Unifor have all embraced Trump's call for "fair trade" and are tirelessly peddling the fraudulent claim that Trudeau and Trump, notorious for his anti-Mexican chauvinism, can be pressured into reaching a deal that will advance workers' interests.

Unifor has taken this to its logical conclusion in the current strike by 2,800 GM CAMI workers in Ontario. While refusing to fight for any of the workers' just demands for an end to two-tier wages and other concessions, it is appealing to the corporate giant to guarantee Mexican workers are laid off first in the event of a downturn.

Whether a compromise is reached or the trade pact collapses, the deepening crisis of NAFTA exemplifies the ever-widening breakdown of world capitalism and underscores the urgency of workers across North America adopting a socialist internationalist strategy. Workers—Canadian, Mexican and American—must assert their common class interests in opposition to all sections of big business, their political hirelings and their agenda of pushing the brunt of the crisis onto working people through job and wage cuts, the dismantling of public services, and war.

This requires making the objective unity of workers in all three countries a conscious strategy, the unification of their struggles, and the fight for workers' governments in Ottawa, Washington and Mexico City that would use North American economic integration to raise the economic well-being and cultural level of the population, not maximize profit for a tiny, rapacious elite.



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