



Written by [Bob Adelman](#) on August 28, 2018

Is the U.S.-Mexico Trade Agreement a Stealth NAFTA?

As President Trump opened his telephone conversation with Mexico's President Enrique Peña Nieto from the Oval Office on Monday morning, [he said](#) concerning the trade deal being discussed, "They used to call it NAFTA — we're going to call it the United States-Mexico Trade Agreement, and we'll get rid of the name NAFTA. It has a bad connotation because the United States was hurt very badly by NAFTA for many years. And now it's a really good deal for both countries, and we look very much forward to it."



President Peña Nieto was equally excited about the "new" NAFTA — the USMTA — telling Trump, "I think this is something very positive for the United States and Mexico. And the first reason for this call, Mr. President, is, first of all, to celebrate the understanding we have had between both negotiating peace on NAFTA, in the interest we have had for quite a few months now to renew it, to modernize it, to update it, and to generate a framework that will boost and potentiate productivity in North America."

It's an "incredible deal," according to President Trump:

Most importantly, it's an incredible deal for the workers and for the citizens of both countries. Our farmers are going to be so happy. You know, my farmers — the farmers have stuck with me. I said we were going to do this. And Mexico has promised to immediately start purchasing as much farm product as they can. They're going to work on that very hard.

But is this deal as "incredible" as Trump says it is? How different is it from NAFTA, the sovereignty-eroding agreement the new deal would replace? The details remain sketchy, as the final agreement isn't expected to be revealed until Friday.

First, some groundwork needs to be laid before discussing what is known so far about this "incredible deal," which wouldn't become effective, at the earliest, before the end of the year. The world's GDP is \$87 trillion, and the United States is responsible for almost a quarter of it. By contrast, Mexico generates a little over one percent of world GDP, while Canada — the third partner in the present NAFTA agreement but absent, so far, from the new one — is responsible for just two percent. The total trade among the three countries is \$1.2 trillion, a paltry sum when compared to the total world GDP. So those "partners" need the United States much more than the United States needs them.

Furthermore, Canada is a socialist country run by a socialist, Justin Trudeau. And Mexico is run by a corrupt socialist thug whose approval numbers just before being run out of office were an abysmal 12 percent. So corrupt is his administration that the number of scandals plaguing it is unprecedented. Indeed, an investigation is revealing how Peña Nieto gave the Brazilian oil company Odebrecht special contracts in exchange for illegal campaign funds. So odious are the charges that if the jury finds him guilty, as appears to be likely (his trial begins in December), he'll be the first Mexican president in history to be incarcerated for his crimes.



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But again, how “incredible” is the new agreement? According to Vice President Mike Pence, “Our nations have agreed to new rules that will maintain duty-free access for agricultural goods on both sides of the border. In addition, we have agreed to eliminate non-tariff barriers and take other steps to encourage more agriculture trade between our two countries.”

The “deal” would require 75 percent of vehicle content to be made in the region, up from the current level of 62.5 percent. This could shift some auto-parts manufacturing to Mexico from China, according to White House officials.

It also “improves” labor provisions, in part by requiring 40 percent to 45 percent of auto content to be made by workers earning at least \$16 an hour. This, according to those same White House officials, could move some production back to the United States from Mexico, while lifting wages paid to Mexican auto workers. But should a trade agreement with another country (or countries) set a minimum wage for a particular economic sector, as opposed to the free market determining wages?

The U.S. backed down on its demand that the new “deal” have a five-year “sunset” clause and instead settled for a 16-year lifespan, with a review every six years that can extend the pact for another 16 years.

Mexico’s President-elect Andrés Manuel López Obrador (known as AMLO), who takes charge in December, said the new agreement preserves Mexican sovereignty in the country’s oil sector. Said AMLO:

We put the emphasis on defending national sovereignty on the energy issue and it was achieved. We are satisfied because our sovereignty was saved.

Mexico reserves the right to reform its constitution, its energy laws, and it was established that Mexico’s oil and natural resources belong to our nation.

As a result, AMLO is, according to Reuters, expected to slow down or eliminate altogether the granting of contracts to private offshore oil companies to help develop those resources, preferring instead to pour taxpayer monies into the state-owned oil company, Pemex.

In addition, the proposed agreement announced on Monday will strengthen protections for U.S. copyright holders, protections that were missing from the 24-year-old NAFTA agreement. Under the new deal, Mexico committed to “specific legislative actions” to recognize workers’ rights to collective bargaining — a boon for labor unions — which were also absent from the present NAFTA agreement.

Once the details of the new agreement are revealed on Friday and it is signed by Nieto, it must then be reviewed by the U.S. International Trade Commission before being presented to the U.S. Congress for approval. So implementation, at the very earliest, wouldn’t happen until the end of the year.

But the underlying dangers present in NAFTA remain in the new USMTA, as expressed by the CEO of The John Birch Society, Art Thompson. In the members’ bulletin for June, Thompson wrote: “Let me be clear: renegotiating NAFTA, rather than pulling out, leaves in place the problematic aspects of merging the Mexican, Canadian and American branches of government and society in the future. Even if a renegotiated NAFTA is a ‘good deal’ compared to the old, it still leaves the platform in place for full merger in the future.”



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