



Written by [Bob Adelman](#) on September 19, 2018

## Time Is Running Out for NAFTA 2.0 to Include Canada

[As talks begin again today in Washington](#)

between top people from the United States and Canada over revisions to the inaccurately-named North American Free Trade Agreement (NAFTA), the pressure is all on Canada. Representative Steve Scalise (R-La.), the House majority whip, has about had it with Canada's stalling. Negotiations have been taking place for nearly 14 months and essentially have been going nowhere. Said Scalise,



There is a growing frustration with many in Congress regarding Canada's negotiating tactics. While we would all like to see Canada remain part of this three-country coalition, there is not an unlimited amount of time for it to be part of this new agreement.

Canada's Foreign Minister Chrystia Freeland was adamant: "Any negotiator who goes into a negotiation believing that he or she must get a deal at any price — that is a negotiator who will be forced to pay the maximum price for that deal. No deal is better than a bad deal."

On the Canadian side, pressure is building on Prime Minister Justin Trudeau to repudiate Freeland's non-negotiable position not only from Doug Ford, the premier of Ontario (the center of Canada's auto industry), but also his trade minister, Jim Wilson. Said Wilson on Monday: "You're all hearing the rumors that we are hearing, that maybe [Canada's team of negotiators doesn't] want a deal. So we're going down there [to Washington, D.C.] to say that 'You bloody well need to get a deal!'"

President Trump has made it clear that he'll sign an agreement only with Mexico if necessary, and punish Canada for its intransigence by levying tariffs on vehicles made in Canada.

On the surface, it looks as if Trump holds all the cards. The United States' economy generates nearly one-quarter of the world's \$87 trillion worth of goods and services, while Canada's share is less than two percent. And three-quarters of Canada's exports (representing about a fifth of that country's total gross domestic product) goes to the United States. In addition, Canada's economy is slowing as business owners and investors are either holding off on making further capital investments there or are instead making them in the United States.

Trudeau also has political considerations to contend with. As *The New American* has noted, Trudeau "has repeatedly stated that he would only sign a new NAFTA deal that was good for Canada. However, as news broke of ... possible dairy concessions to the U.S., Canadian farmers have begun to speak out in opposition." Additionally, as we explained,

The Canadian government has been employing a socialist command economy model for domestic dairy production for the last 50 years. Canada doesn't only use tariffs [of 300 percent on American dairy products] to protect its domestic dairy industry, the government subsidizes dairy products and regulates their supply.

It was Canada's powerful dairy lobby that helped end Conservative Party rule and bring to power far-



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left Trudeau. Consequently, the prime minister cannot afford to alienate that group by giving in to demands by the Trump administration to open that market to American dairy farmers.

This puts negotiations at an impasse. As President Trump told a news conference, “We love Canada. We love it. Love the people of Canada, but they are in a position that is not a good position for Canada. They cannot continue to charge us a 300 percent tariff on dairy products, and that’s what they’re doing.”

What happens if an agreement with Canada isn’t reached this week? It would become impossible to publish a complete text of a new trilateral agreement by September 30, the deadline set by U.S. negotiators. Both countries could extend talks further, but that would mean that the preliminary agreement hammered out with Mexico earlier this summer would have to be agreed to and signed by Mexico’s incoming president, Andrés Manuel López Obrador (AMLO), who takes office on December 1. And AMLO’s support for that preliminary agreement is far from certain.

There are political considerations on the American side as well. Any agreement with Canada that Trump signs requires congressional approval, and delays could easily push that process into next year, under a new Congress. Bloomberg put the matter thus: “Democrats are favored to seize control of the House in November, making approval far from a foregone conclusion.”

That would leave Trump with the nuclear option: He could give six months’ notice of his intention to leave NAFTA altogether. This would give freedom activists more time to educate, motivate, and then activate opposition to any cross-border agreement such as NAFTA that would threaten national sovereignty. As *The New American* has expressed it, “Any agreement that keeps the current trilateral framework and supranational structures [in place] ... would be a major loss for the United States’ long-term national sovereignty.”

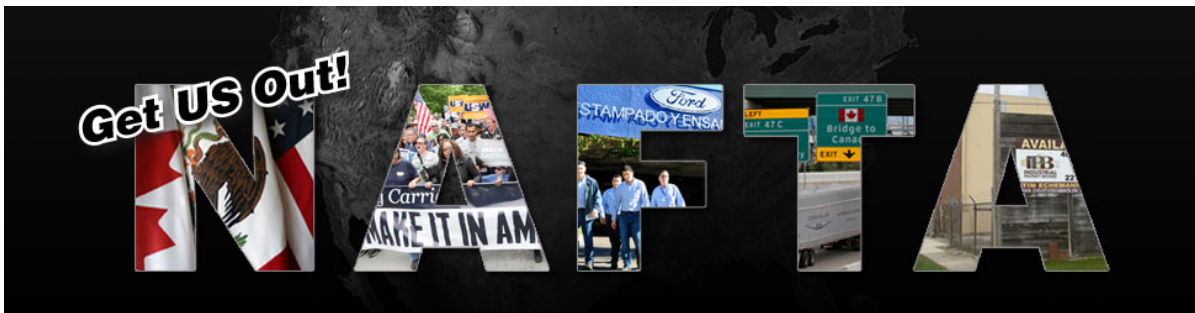


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