

No real hope for a NAFTA win-win-win

EDITORIAL

BOTH PRIME MINISTER Justin Trudeau and Chrystia Freeland, his Foreign Affairs Minister, claim their government won't agree to any new North American free trade agreement unless it is 'good for Canada.' But off-the-record remarks by U.S. President Donald Trump would seem to kill any hope of such an outcome in talks that resumed Wednesday.

The Toronto Star said that in an Oval Office interview with Bloomberg News last Thursday, Mr. Trump said 'off the record' that he was not making any compromises at all with Canada 'and that he could not say this publicly because 'it's going to be so insulting they're not going to be able to make a deal.'

The Star's story led to yet another Trump tweet: 'Wow, I made OFF THE RECORD COMMENTS to Bloomberg concerning Canada, and this powerful understanding was BLATANTLY VIOLATED. Oh well, just more dishonest reporting. I am used to it. At least Canada knows where I stand!'

Some other quotes attributed to Mr. Trump: 'Here's the problem. If I say no ' the answer's no. If I say no, then you're going to put that and it's going to be so insulting they're not going to be able to make a deal ... I can't kill these people' (apparently a reference to the Canadian negotiators).

The Star said that in another remark he did not want published, 'Trump said that any deal with Canada would be 'totally on our terms.' He suggested he was scaring the Canadians into submission by repeatedly threatening to impose tariffs on imports of Canadian-made cars. 'Off the record, Canada's working their ass off. And every time we have a problem with a point, I just put up a picture of a Chevrolet Impala'. (The Impala is produced at the General Motors plant in Oshawa.)

The Star says it obtained the remarks from a source other than Bloomberg, although it would seem that the interview was a one-on-one affair.

Whatever the case, the bullying politician was showing his true colours.

Based on a variety of news sources, it would seem that the two big issues facing our negotiators involve dispute resolution and our protected dairy industry.

The U.S. is demanding removal of NAFTA's Chapter 19, which requires disputes to be resolved by independent panels appointed by the two countries, so that any complaints would be dealt with by the U.S. Federal Trade Commission (FTC).

As we see it, much would depend on how independent the FTC can remain within a Trump administration. The five-member body currently has three Republicans and two Democrats, and recently demonstrated its independence by voting 5-0 to quash tariffs the U.S. Department of Commerce had levied in January on Canadian newsprint exports.

If nothing else, the FTC demonstrated an ability to act quickly. But an important factor was the strong opposition to the tariffs from U.S. newspapers, which in some cases saw the cost of newsprint soar 30 per cent.

Bearing in mind that Chapter 19 didn't bar the Trump administration's new tariffs on Canadian steel and aluminum, a compromise might see the international panels restricted to appeals against FTC decisions. But that would not be a win for anyone but the U.S. The same would surely be true with the dairy industry. The longstanding supply management system is aided by ridiculously high tariffs so often cited by Mr. Trump, and it's really no answer to point out that the U.S. has similarly high tariffs to protect their tobacco farmers.

Perhaps the best hope is for a compromise there, too, with Canada agreeing to lower the tariffs and subsidize dairy farmers for lost sales.

But whatever happens, the deal won't be a 'win-win-win' for the three parties. Mexico is already in the 'loss' column and the real challenge for Canada is to find a way to minimize the losses.