

Are we caught in a Trump vice?

EDITORIAL

THERE'S SURELY NO DOUBT that what Donald Trump has had in mind all along was 'divide and conquer.'

The U.S. president summed it up adroitly Monday when he celebrated a bilateral trade agreement with Mexico and said that while there would be further talks with Canada, failure to reach an accord would lead to him imposing a 25 per cent tariff on all Canadian-built vehicles.

Opinions differ widely as to the significance of the U.S.-Mexican deal and whether it will make it easier for Canada's negotiators to achieve a 'win-win' agreement.

On the plus side, the deal would seem to make it less likely that new car assembly plants will be built in Mexico, and the U.S. has given in on the bizarre demand that the North American Free Trade Agreement (NAFTA) include a 'sunset' clause that would see it vanish in five years unless all three countries agreed to a renewal.

That demand was particularly bizarre for at least two reasons. The lack of such a clause had not prevented the Trump administration from demanding NAFTA's renegotiation, and the imposition of tariffs against Canadian and Mexican steel and aluminum were in clear violation of the pact's terms. And inclusion of such a clause would be a death knell to new foreign investment in Canada or Mexico based on an ability to reach the U.S. market.

As we see it, Canada will have to give in to at least a couple of U.S. demands, the main one being a sharp reduction in tariffs on products covered by our supply management system and particularly our dairy industry.

The other area would be in the dispute resolution system, which has seen the U.S. fail to maintain high tariffs against Canadian softwood exports.

An instructive opinion piece carried on the CNN website, was by Scott Lucas, a professor of international politics at the University of Birmingham. As he sees it, there was 'a method to the turmoil' Monday, when Mr. Trump sulked over the tributes to Senator John McCain, refusing to say his name, but then relenting and allowing the White House flag to be flown again at half-staff? and then at a press conference 'announcing the 'incredible' trade deal with Mexico and (at least in his mind) wiping out NAFTA and replacing it with the US-Mexico Trade Agreement. But he and his staff were implementing 'crudely, bluntly, but effectively' the tactics we have seen them use time and time again: Divide and rule.

'By winning over the Mexicans, Trump can rule over the Canadians. By sweeping away other news and wildly exaggerating the NAFTA revisions, he can rule at home by proclaiming tariffs and trade agreements before November's Congressional elections.' He said Canadians 'were shaken by Trump's threat of a 25% auto tariff if Ottawa did not 'negotiate fairly,' i.e., concede to U.S. demands by this Friday? and concerned when other administration officials repeating the ultimatum, one saying, that without 'a good strong fair deal with Canada? the U.S. 'might have to resort' to the new tariffs on top of the 25% steel and 10% aluminum duties already imposed by Mr. Trump.

'The Trump Administration will be hoping for a quick Ottawa surrender, having agreed with the Mexicans on steps that could include punitive tariffs on Canadian softwood lumber and a curb on Canada's support for its dairy industry. ... But while the Canadians may well give some ground on certain issues, they may not be keen to do so with a political and economic gun at their heads.'

He said Lawrence Herman, a former Canadian diplomat, had summed it up this way: 'Mr. Trump can lambaste Canada and make all kinds of threats ... but the fact is the NAFTA can only be revised if Canada agrees to implement the package after full review and Parliamentary consideration.'

We guess that this is one more case when only time will tell.