



## **Trump talks NAFTA withdrawal with GOP senators**

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President Trump is holding fast to his threats to withdraw from the North American Free Trade Agreement (NAFTA) to gain leverage in the contentious negotiations. Trump repeated his threat, which he presented as a negotiating strategy, during his private lunch with Republican senators on Tuesday.

He told the senators that the United States may need to start the six-month withdrawal process to reach a better agreement with Canada and Mexico. Trump has previously suggested that this threat of withdrawal could lead to concessions by the trading partners.

Several senators expressed concerns about the strategy after the meeting, particularly those with significant agriculture interests in their states.

In response, Trump asked senators to stay with him as he works toward getting a better agreement.

“The president said, ‘Stick with me, he's working on a good deal,’” said Sen. Deb Fischer (R-Neb.). “He said he would not let farmers down.”

Sen. Chuck Grassley (R-Iowa) said he thinks Trump is trying to give the United States a better chance to improve the agreement.

“I think the president is using all the leverage he can in public discussion to hopefully bring about changes that would have to take place,” Grassley said.

“He’s positioning himself for the strongest position that he can.”

Some lawmakers have expressed worries over the strategy, however.

Sen. Pat Roberts (R-Kan.), chairman of the Senate Agriculture Committee, told Inside U.S. Trade that even starting a withdrawal would be bad for U.S. agriculture.

“Basically I’m trying to point out that if you start the clock on NAFTA [withdrawal] that’s going to send very bad signals throughout the entire farm economy,” Roberts told the publication. “That may be an option that the president feels he should exercise in order to get Mexico to the table to achieve what he wants to achieve, which is the trade imbalance — I understand that — but I think we can do it in different ways without sending shock waves all throughout agriculture.”

Roberts argued that once you withdraw from the agreement it would be very hard to resurrect the deal, a view held by much of the pro-trade community.

Last week, U.S. Trade Representative Robert Lighthizer told reporters that there is no active effort by the administration to leave NAFTA despite Trump's repeated threats. Amid the swirl of withdrawal threats, Mexican President Enrique Peña Nieto and Canadian Prime Minister Justin Trudeau said last week after the fourth round of talks that they plan to stick with NAFTA and urged negotiators to reach an agreement.

Trump described his conversation with Trudeau during his recent visit to the Oval Office, saying, “I said we'll renegotiate. I think Justin understands this, if we can't make a deal it'll be terminated and it will be fine.”

Bill Reinsch, a trade expert with the Stimson Center, said Thursday at a Cato Institute trade event that at this stage one of the most likely scenarios is that the three countries get into a stare down over the deal and none are willing to either agree or pull the trigger to pull out of the agreement. The process is murky regarding how Trump could withdraw from the deal.

Trump could start the clock ticking but Congress would likely flex its muscle about its role in any final decision. But there are no hard and fast rules about how that would work.

The next round of talks are next month in Mexico City. Negotiations will continue into 2018. The discussions have at least one built-in political deadline: Mexico's presidential elections on July 1.