Bloomberg

Trump Just Let the World Know His Nafta Tactic Could Be a Bluff

Randy Woods

August 28, 2017

America's deal-making president may have just tipped his hand on the Nafta renegotiation.

On Monday, Donald Trump said he may need to put the U.S. on the brink of withdrawing from Nafta to get his renegotiation objectives met. Any Nafta party can pull out of the agreement with six-months' written notice. "I believe that you will probably have to at least start the termination process before a fair deal can be arrived at," Trump told reporters.

While the threat of withdrawal sounds like a ploy to gain leverage in the ongoing talks with Canada and Mexico, he may not be bound to follow through on terminating the pact at the end of the six months. It's not even clear that Congress would allow it.

"There's this question of who in the United States gets to decide whether the United States government withdraws from Nafta: Is it the president himself, or is it the president acting with Congress?," said Simon Lester, a trade policy analyst at the Cato Institute in Washington. "At least in theory, they can step in and say, 'You can't do that, we have a say in all of this."