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President plays old Trump card: killing NAFTA

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The original NAFTA deal is back on top of Donald Trump's hit list, with the U.S. president declaring he intends to terminate the 24-year-old trade pact — a move designed to pressure lawmakers on Capitol Hill to approve its recently negotiated successor.

Trump, Prime Minister Justin Trudeau and former Mexican president Enrique Pena Nieto signed the new U.S.-Canada-Mexico Agreement — USMCA, although the federal government in Ottawa has rechristened it CUSMA — during an awkward ceremony at the outset of G20 meetings Friday in Argentina.

Trump was on board Air Force One on his way back to Washington late Saturday when he announced that he would notify Congress of his intention to terminate NAFTA, a long-threatened move that would give lawmakers six months to approve its replacement once formal notice is delivered.

"I will be formally terminating NAFTA shortly," the president said. "Congress will have a choice of the USMCA or pre-NAFTA, which worked very well. You got out, you negotiate your deals. It worked very well."

A number of Democrats in Congress, empowered by their new majority in the House of Representatives, say they don't like the new agreement in its current form, warning it will require more stringent enforcement mechanisms for new labour rules and protections for the environment in order to win their support.

Massachusetts Democrat Elizabeth Warren, a member of the Senate Armed Services Committee and one of more than a dozen names believed to be eyeing a presidential run in 2020, has added her name to the list of lawmakers who say they won't support the new agreement in its current form.

"As it's currently written, Trump's deal won't stop the serious and ongoing harm NAFTA causes for American workers. It won't stop outsourcing, it won't raise wages, and it won't create jobs. It's NAFTA 2.0," Warren told a luncheon audience last week during a foreign policy speech in Washington.

She cited a lack of enforcement tools for labour standards, drug company "handouts" and a lack of sufficiently robust measures to cut pollution or combat climate change, particularly in Mexico.

"For these reasons, I oppose NAFTA 2.0, and will vote against it in the Senate unless President Trump reopens the agreement and produces a better deal for America's working families."

Some Republicans see problems, too: Florida Sen. Marco Rubio tweeted his fears that the current agreement gives agricultural producers in Mexico an unfair advantage.

"As currently drafted this deal will put Florida seasonal vegetable growers out of business," Rubio wrote. "It allows Mexico to dump government-subsidized produce on the U.S. market.

"Going forward America will depend on Mexico for our winter vegetables. Unacceptable."

Trade experts have long suspected Trump, who has made beating up on NAFTA a central feature of his political career, might play the termination card in an effort to light a fire under the deal's critics.

In a blog entry posted shortly after the agreement was signed Friday, Cato Institute trade analyst Simon Lester appeared to anticipate Trump's move — although he acknowledged it would have made a lot more sense if the Republicans still had control of Congress.

"The Democrats are in a different position," Lester wrote.

"Many of them don't like NAFTA to begin with, so a withdrawal threat wouldn't feel so threatening. Furthermore, a withdrawal threat could lead to an internal GOP war over trade policy, which would be wonderful for the Democrats. This all puts the Democrats in a pretty good spot to make demands."

Shortly after Friday's signing, U.S. Trade Representative Robert Lighthizer insisted that the deal was negotiated with bipartisan support from both Democrats and Republicans, and expressed confidence it would survive the congressional approval process.

"I think we will get the support of a lot of Democrats, a very high number of Democrats, absolutely — I have no doubt about it," Lighthizer said. A number of their concerns will be addressed in the implementing legislation that will have to be brought forward for ratification, he added.

"I'm in discussions with a variety of Democratic leaders on those points and they will be very much involved in the process moving forward and will have a strong influence on how we put things together, because I want them not only to vote for it, I want them to be happy."