



Trump Trade Official Proposes Nafta 'Sunset Clause'

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A top Trump trade official said he wants to inject a "sunset clause" into the North American Free Trade Agreement, resurfacing one of the administration's most provocative trade ideas and drawing a swift rebuke from Mexican and Canadian officials.

U.S. Commerce Secretary Wilbur Ross on Thursday said the Trump administration supports a provision that would require the country's leadership to "make an affirmative decision to sign up for another five years."

Nafta already allows a president to give six-month notice of intent to withdraw from the deal, a mechanism President Donald Trump considered triggering earlier this year.

Mr. Ross has backed the idea of a "sunset provision" in trade agreements before, including during his confirmation hearing. But his comments, at a conference sponsored by Politico in Washington, resurfaced the idea for the first time since Nafta renegotiations with Canada and Mexico began in August.

The Canadian and Mexican ambassadors in Washington quickly voiced opposition to the provision, saying it would undermine the certainty that businesses need to invest across borders to reap benefits from Nafta.

"If every marriage had a five-year sunset clause, then I think our divorce rate would be a heck of a lot higher than it is right now," Canada's ambassador, David MacNaughton, told the conference. "I'm a believer in sunset clauses when things are set up to be temporary," he said, contrasting that approach to the long-term approach businesses take to Nafta.

Mexico's ambassador, Gerónimo Gutiérrez, said his country's view is "exactly the same -- it's all about certainty."

The latest resistance from Mexico and Canada toward novel policies sought by the Trump administration shows the risks facing negotiators as they work to overhaul the 23-year-old trade agreement. Mr. Ross reiterated the administration's goal of finishing a deal by around the end of this year, before the Mexican presidential election heats up and before U.S. midterm elections are held next year.

Mr. Trump excoriated Nafta in the 2016 election, and his skepticism of U.S. trade policy likely helped him win Midwestern states that have seen auto-industry jobs disappear as Mexico commands a growing share of the continent's auto production and employment.

A sunset clause could help U.S. officials worried about the trade balance or jobs force a renegotiation of the deal at relatively frequent intervals. Besides Nafta, Mr. Trump has mulled revoking the U.S. trade agreement with South Korea, officials say.

But such a clause could also hurt investment in the bloc by increasing risks for businesses, trade analysts say.

"I don't think Canada, Mexico, Congress, many U.S. agencies or the business community will accept this," said Simon Lester, a trade expert at the Cato Institute, a libertarian think tank.

The negative feedback isn't deterring Mr. Ross, who said he and U.S. Trade Representative Robert Lighthizer "have been in favor of this concept for quite a while.

"Whether it will be agreed is a whole different question and obviously tied to many, many other issues in Nafta," he said.