



## **Kudlow: Trump may look to strike separate trade deals with Canada, Mexico**

Max Greenwood

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White House economic adviser Larry Kudlow said Tuesday that President Trump may seek to strike separate trade deals with Canada and Mexico, rather than renegotiate the North American Free Trade Agreement (NAFTA) entirely.

"He is very seriously contemplating kind of a shift in NAFTA negotiations," Kudlow said on "Fox & Friends."

"His preference now — and he asked me to convey this — is to actually negotiate with Mexico and Canada separately," Kudlow added. "He prefers bilateral negotiations."

Kudlow's comments echoed a sentiment expressed by Trump himself on Friday, when he told reporters that he "wouldn't mind" separate trade deals with Canada and Mexico.

"I wouldn't mind seeing a separate deal with Canada, where you have one type of product, so to speak, and a separate deal with Mexico," he said. "These are two different countries."

Talks to renegotiate NAFTA stalled after Vice President Pence demanded in a phone call with Canadian Prime Minister Justin Trudeau that any deal expire in five years.

Trudeau said last week that any sunset clause for NAFTA would be a non-starter, acknowledging that he scrapped a proposed trip to Washington after Pence made the demand.

Trump has floated the idea of separate trade deals before, including last year during trade talks with Trudeau. He has repeatedly decried NAFTA as unfair to the U.S. and has threatened to withdraw from the pact.

But negotiators from the U.S., Canada and Mexico have sought for months to hammer out the terms of a new deal. Simon Lester, a trade analyst at the Cato Institute, said that on Twitter that

"separating NAFTA talks into US-Canada and US-Mexico trade talks would add complexity and extra time, and reduce the economic benefits."

Sen. Orrin Hatch (R-Utah), the chairman of the Senate Finance Committee, urged the Trump administration in a statement to "stay the course" in NAFTA negotiations, and work on a trilateral solution with Canada and Mexico.

"Now is the time to stay the course and work with our trading partners to find a path forward on an updated NAFTA that will meet the high-standards of bipartisan TPA [Trade Promotion Authority] and gain the support of Congress," he said.

The Trump administration also announced last week that it would impose stiff tariffs on steel and aluminum imports on Canada and Mexico, prompting the countries to prepare retaliatory duties on U.S. goods.