

NAFTA countries boast progress in second round of talks amid Trump's threat of termination

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Trade representatives from the United States, Canada and Mexico on Tuesday claimed that they made progress in the second round of talks to update the North American Free Trade Agreement (NAFTA), despite U.S. President Donald Trump's recent threat to terminate the deal.

"Important progress was achieved in many disciplines," United States Trade Representative (USTR) Robert Lighthizer, Canadian Foreign Affairs Minister Chrystia Freeland and Mexican Economy Minister Ildefonso Guajardo said in a trilateral statement after wrapping up the five-day talks in Mexico City.

"More than two dozen working groups comprised of trade experts and technical officials worked diligently to advance the discussions and exchanged information and proposals," they said in the statement released by the USTR's office.

"In several groups, this engagement resulted in the consolidation of proposals into a single text upon which the teams will continue to work during subsequent negotiation rounds," the ministers said.

Despite Trump's recent threat to terminate the 23-year-old trilateral trade deal, the ministers from the three countries "reaffirm their commitment" to an accelerated and comprehensive negotiation, with the shared goal of "concluding the process towards the end of this year."

The third round of NAFTA talks will take place in Ottawa, Canada on Sept. 23-27, according to the statement.

Simon Lester, a trade policy analyst with Cato Institute, a Washington-D.C. based think tank, believed Trump's threat of NAFTA termination was "a negotiating tactic."

"In theory, you can gain leverage in any negotiation by threatening to walk out. It's not clear how much credibility Trump's threat has ..." Lester wrote in a recent analysis, noting Trump might not have the legal authority to terminate NAFTA without Congressional approval.

"Aside from the law, such an action by President Trump would create a political battle between the White House and Congress that could upset the rest of Trump's agenda," he said, believing Trump was unlikely to withdraw from the deal at the current stage.

As Mexico will have a general election in July 2018 and the U.S. congressional mid-term elections are slated for the next fall, negotiators have hoped that NAFTA talks could be wrapped up by early next year.

However, trade experts have expressed doubt about the quick conclusion of NAFTA talks due to the extensive agenda and contentious issues among the three countries.

"Because the agenda of the negotiations is so extensive, so comprehensive, it will be very difficult for the three countries to come together on agreement on this entire agenda of issues in the next few months," said Jeffrey Schott, a trade expert and senior fellow at the Washington D.C.-based Peterson Institute for International Economics.

"There will be delays caused by electoral considerations, which will limit the flexibility of negotiators to make commitments and compromises before votes are taken," he said, adding it's "very possible" that NAFTA negotiations "will still be ongoing in 2019.