



The Daily Dish

NAFTA Two-Step

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On Wednesday the Federal Communications Commission (FCC) discussed their plans for rolling back net neutrality. Chairman Ajit Pai stated that while he agrees with net neutrality principles, he intends to hand broadband regulatory jurisdiction back to the Federal Trade Commission (FTC).

Yesterday the American Action Forum (@AAF) released an analysis examining possible U.S. policies on the Paris Climate Agreement. The analysis finds that the U.S.' pledge under the Paris Agreement is more burdensome than the pledges from other nations. The analysis concludes that revising the U.S.' pledge under the agreement is a better approach for preserving U.S. foreign policy influence than a complete withdrawal.

Eakinomics: NAFTA Two-Step

The North American Free Trade Agreement (NAFTA) has long been a political football. Former President Obama ran in 2007-08 promising to renegotiate NAFTA and finished his presidency pushing for the passage of the Trans Pacific Partnership (TPP). The end game is yet to be written, but President Trump began his tenure by deep-sixing the TPP. Having done that, many were led to believe that his rhetoric about renegotiating the NAFTA would be just that: rhetoric. Perhaps not.

Yesterday began with news [reports](#) indicating that the White House was contemplating an executive order directing the United States Trade Representative to begin withdrawing from NAFTA. It was clear that this might simply be a negotiating position; as could be the announced intention to slap tariffs on Canadian softwood lumber sales into the United States. The latter is a long-standing dispute, which makes it possible that the White House simply wants a negotiating advantage with Canada, or that it will genuinely start the process of imposing tariffs.

At the same time, the prospect of withdrawing from NAFTA could be a real option. If so, it would represent a real setback. Political rhetoric aside, NAFTA has been a success. Serious studies have uniformly found that it was a (small) net benefit to the U.S. and a large one for Mexico and Canada. As a correlated outcome, NAFTA was intended to solidify a democracy ally on the U.S. southern border, and succeeded in doing so. From this perspective, withdrawal would be a dangerous step that undercuts the Mexican government. With elections scheduled in summer 2018, the result would likely be an anti-American, leftist government.

Yesterday closed with the White House releasing a "[readout](#)" of President Trump's telephone call with President Peña Nieto of Mexico and Prime Minister Trudeau of Canada. It said: "Both conversations were pleasant and productive. President Trump agreed not to terminate NAFTA at this time and the leaders agreed to proceed swiftly, according to their required internal procedures, to enable the renegotiation of the NAFTA deal to the benefit of all three countries."

The upshot appears to be an administration committed to NAFTA, but intent on positioning itself to negotiate as effectively as possible over the next year.