

12-10-2008

Mexico Unsure if U.S. President-Elect Obama Seeks to Renegotiate NAFTA

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Mexico Unsure if U.S. President-Elect Obama Seeks to Renegotiate NAFTA." (2008).
<https://digitalrepository.unm.edu/sourcemex/5266>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Mexico Unsure if U.S. President-Elect Obama Seeks to Renegotiate NAFTA

by LADB Staff

Category/Department: Mexico

Published: 2008-12-10

During the US presidential primary and general election, candidate Barack Obama promised to consider renegotiating parts of the North American Free Trade Agreement (NAFTA) to strengthen labor and environmental provisions. Now that Obama has been elected, it is uncertain when, or if, he will promote any major changes to NAFTA. There is also strong uncertainty in Mexico, with President Felipe Calderon's administration and the business community urging the US president-elect to leave the agreement intact.

Even some agricultural organizations, which would welcome a move to revise NAFTA so they can press for greater protections for Mexican agriculture against US imports, are backing off their demands for the time being. Renegotiating NAFTA was a prominent topic during the Democratic presidential primaries, with Obama and his chief rival, Sen. Hillary Clinton (D-NY), both blaming NAFTA for the loss of jobs in industrial states like Ohio, Pennsylvania, and Michigan (see SourceMex, 2008-03-12). But the president-elect has taken a more measured approach since the Democratic primary.

In an interview with Fortune magazine last summer, Obama described his statements on NAFTA on "overheated and amplified" campaign rhetoric.

Cabinet choices might offer hint of president-elect's position

Some observers have suggested that Obama's Cabinet choices might provide an insight into the direction he will take with NAFTA and trade policy in general. But even here, the signals from the president-elect are unclear. His choice of secretary of state is Clinton, who agreed with him on renegotiating the agreement during the primaries.

But the secretary of state will have less say on trade policy than would the secretary of commerce, a post that will likely go to New Mexico Gov. Bill Richardson. Richardson is a strong supporter of NAFTA and trade in general. Both Clinton and Richardson have been nominated for their posts, with Senate confirmation pending.

A third appointment that could provide a key to Obama's NAFTA policy is the US trade representative. According to various reports, the president-elect is strongly considering Rep. Xavier Becerra (D-CA) to fill this position. Becerra is linked with the protectionist wing of the Democratic Party in Congress, which has generally opposed the free-trade policies pursued by ex-President Bill Clinton and President George W. Bush.

The US Trade Representative has generally played a major role in determining US trade policy, with the US Department of Commerce involved more directly with the nuts and bolts of trade,

such as export promotion. This could change in the Obama administration, with Richardson likely to be given a larger role in several key matters, not only NAFTA but also the pending debate on a Colombia-US Free Trade Agreement and the US position on the Doha Round of global trade talks. There were a variety of reactions to the prospect of Becerra's appointment. In an editorial, the Los Angeles Times called Becerra "a terrible choice," partly because he has been linked to several unethical or politically unwise practices during his tenure in the US House of Representatives.

But the newspaper's major opposition to Becerra was rooted in his positions regarding trade. "Free trade irks many liberals because it can shift American jobs to other countries, but it almost invariably does more good than harm, lowering prices for goods and creating new jobs to make up for those it displaces," said the Times. "What's more, history shows that the last thing the country should do during an economic downturn is become more protectionist. A year after the market crash of 1929, Congress passed the Smoot-Hawley Tariff Act, raising US tariffs dramatically in an attempt to protect jobs. It fueled a global meltdown that greatly worsened the Depression."

But an article in The New York Times points out compelling political reasons for Obama to appoint Becerra to the post. "Mr. Becerra...is known as a defender of workers' rights and skeptic of trade agreements," said the newspaper. "That would please union backers of Mr. Obama, who spoke in the campaign about reopening the North American Free Trade Agreement."

Furthermore, the New York Times pointed out that Becerra is a strong ally of House Speaker Nancy Pelosi (D-CA) and that he would be the second Latino in Obama's inner circle.

Calderon urges Obama not to reopen NAFTA

The Obama administration's position on NAFTA has also caused some uneasiness in Mexico, with President Calderon cautioning that weakening the accord would be counterproductive for both the US and Mexico during a time of economic uncertainty. "The day access is closed, workers will jump over whatever river or wall you put there," Calderon said. "The answer to our problems is trade."

Furthermore, the Mexican president noted that any changes to the agreement would be a "very bad idea" for US motor-vehicle manufacturers and other economic sectors in the US and Mexico concerned they will lose global competitiveness. "I believe the next US administration has enough talent and common sense not to touch NAFTA," said Calderon.

Despite the concerns that NAFTA could be reopened, administration officials are confident that the Obama administration is not going to move in that direction. "I see it as remote that such renegotiation would actually take place," Agriculture Secretary Alberto Cardenas told reporters.

Some members of the business community said it was premature for Mexico to make a judgment on which actions the Obama government would take in relation to the agreement. "We have to remember that Obama will not take office until Jan. 20," said Julio Cepeda, president of the Camara Nacional de Comercio (CANACO). "At that point, we will have a better idea what economic model the US government will adopt and consider our options as a country on how to respond."

Agriculture organizations also take cautious approach

The Mexican agriculture sector in recent years has pushed hard to change the agreement to restore protections for Mexican producers from US and Canadian imports (see SourceMex, 2008-03-12). But many agriculture groups are now taking a more cautious stance because of concerns that changes could be implemented that would benefit the large US producers.

"In the midst of the global financial and food crisis, reopening the agreement could result in a situation of wider inequality," said Guadalupe Martinez Cruz, director of the Consejo Nacional de Sociedades y Unidades con Campesinos y Colonos (CONSUCC), one of several organizations that belong to the Congreso Agrario Permanente (CAP).

Other CAP members support this position. "In a globalized world in which trade barriers have been removed, the US must not erect a new level of protectionism on the pretext that its economy is going through a recession," the Organizaciones del Consejo Nacional de Organizaciones Campesinas (CONOC) and the Consejo Nacional de Organismos Rurales y Pesqueros (CONORP) said in a statement.

But other farm groups are holding to their positions that changes are necessary to NAFTA to help reduce the negative impact felt by the campesino sector during the 14 years that the agreement has been in place. The Central Independiente de Obreros Agrícolas y Campesinos (CIOAC) contends that the agreement has severely damaged Mexico's ability to control its agricultural production and has resulted in increasing dependence on imports. "If this situation continues, our corn imports will surpass 14 million tons, and wheat imports will rise above 4 million tons," CIOAC director Federico Ovalle told the Mexico City daily newspaper La Jornada.

Calderon does not oppose making some modifications to the agreement. In particular, the president said it would be good to link NAFTA indirectly to the US immigration-reform debate, broadening the accord to allow for more flexibility in the flow of workers across borders. Some analysts say Mexico should not simply accept the status quo and consider ways to work with the US to change some aspects of the economic and political relationship between the two countries. "Mexico has to strengthen its strategic vision in relation to the US to spell out its priorities and discuss how these priorities will be achieved," said Jose Maria Ramos, director of academic affairs at the Colegio de la Frontera Norte (COLEF).

Ramos said Mexico should take advantage of the fact that two governors from US border states could be part of Obama's Cabinet. In addition to Richardson, Obama has nominated Arizona Gov. Janet Napolitano to head the Department of Homeland Security (DHS). The COLEF academic noted that the two governors have extensive experience in efforts to combine security with trade expansion.

-- End --