

Uncertainty over North American trade pact intensifies

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White House trade adviser Peter Navarro said the North American trade pact has “significant flaws” ahead of negotiations over the deal, expressing worries about China shipping goods through Mexico and Canada. Uncertainty over the future of the deal, which was negotiated by Donald Trump in his first term, has intensified, with the president asking aides why he should not withdraw from the agreement entirely, according to people familiar with those discussions.

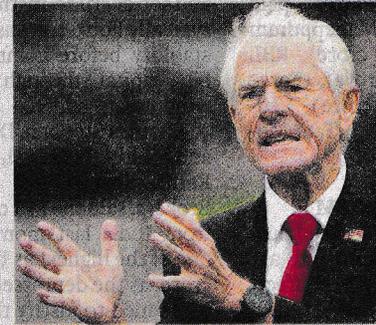
“I can tell you this that USMCA has some significant flaws in it, and it’s going to be reevaluated in July. The

great Jamieson Greer, our US trade representative, will be taking the lead on that,” Navarro said.

“But nothing ever happens in the White House without the commander-in-chief, particularly on trade, so as the boss says, let’s see what happens.”

While Trump has been privately musing over exiting the pact, he has stopped short of flatly signalling that he will do so, according to the people familiar.

The US-Mexico-Canada Agreement is set for a mandatory review before a possible extension on July 1. That process was expected to be routine but Trump is demanding additional trade concessions from the two major



PETER NAVARRO. White House trade adviser REUTERS

trading partners and has sought to pressure them over other issues such as migration, drug trafficking and

defence, further straining ties.

Navarro on Thursday cited concerns about the transshipment of Chinese goods, when products from the country enter Canada and Mexico before being ultimately shipped to the US.

“One of the things that’s really troubling right now, and should be troubling to the American people, is that Mexico, and to an extent, Canada, are basically being used by — staging areas for countries like China, some of the European countries, many Asian countries, Japan, Korea,” Navarro added. “They leveraged NAFTA and now USMCA to get into our markets in a way which essentially is tariff avoidance at best and tariff evasion at worst.” BLOOMBERG