

Trudeau Threatens to Leave Nafta Rather Than ‘Take Any Old Deal’

By Greg Quinn

bloomberg.com, Feb, 2, 2018

Canadian Prime Minister Justin Trudeau made some of his most aggressive comments to date on dealing with U.S. demands to rework the North American Free Trade Agreement, adding he still thinks he can get the right deal for his country.

“We aren’t going to take any old deal,” Trudeau said Friday at a town hall in Nanaimo, British Columbia. “Canada is willing to walk away from Nafta if the United States proposes a bad deal. We won’t be pushed around.”

His comments come days after U.S. President Donald Trump threatened to [get tough](#) on trade, though he didn’t single out Nafta, in his State of the Union address. The latest round of Nafta talks wrapped up in Montreal on Monday, with all sides saying there had been progress, while acknowledging significant gaps remain on some issues.

Trudeau said the 24-year-old pact has been good for both Canada and the U.S. and a reworked deal could still be reached. “Canceling it would be extremely harmful and disruptive to people in the United States,” Trudeau said.

“We are going to keep negotiating in good faith,” he added. “We are confident we are going to be able to get to the right deal for Canada, not just any deal.”

Growing Tension

While Trump said last year he was seeking to just tweak trade ties with Canada -- and Mexico looked like the main target of a revamp -- the positions have shifted. Growing tensions were evident at the close of round-six of Nafta talks this week in Montreal when U.S. Trade Representative Robert Lighthizer lashed out at Canada for filing a sweeping trade case against America at the World Trade Organization in January.

Lighthizer also revived a debate between the two countries over trade-gap statistics and called Canada’s ideas for new auto-content requirements in Nafta as too vague and rowing in the opposite direction of the U.S.’s needs.

Trudeau’s comments on Friday could ratchet up pressures and remind the U.S. that Canada -- America’s largest export market -- is thinking about life after Nafta if the negotiations collapse.

The Canadian dollar fell as much as 1.4 percent against the greenback shortly after Trudeau’s comments and traded 1.3 percent weaker at C\$1.2423 at 4:34 p.m. in Toronto. It is up 1.2 percent against the U.S. dollar this year.

“We don’t view the Trudeau comments as anything more than him stating that Canada wouldn’t sign just any deal,” said Bipan Rai, a Toronto-based foreign-exchange and

macro strategist at Canadian Imperial Bank of Commerce. “There is still a strong willingness on the Canadian side to get a deal done, but not one that would hurt domestic prospects.”

— *With assistance by Maciej Onoszko*