

The Future of NAFTA

Farm Foundation Forum

National Press Club

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Bob Stallman

Yogi Berra:

“It’s tough to make predictions,
especially about the future.”

“The future ain’t what it used to be!”

An ostrich with black and white feathers and long legs stands in a cracked, sandy desert. It is looking towards a cobra snake on the right. The snake is brown and yellow with its hood flared. In the background, there is a single black tree and a blue sky. A speech bubble is attached to the ostrich's head.

CHANGE?
What
CHANGE?

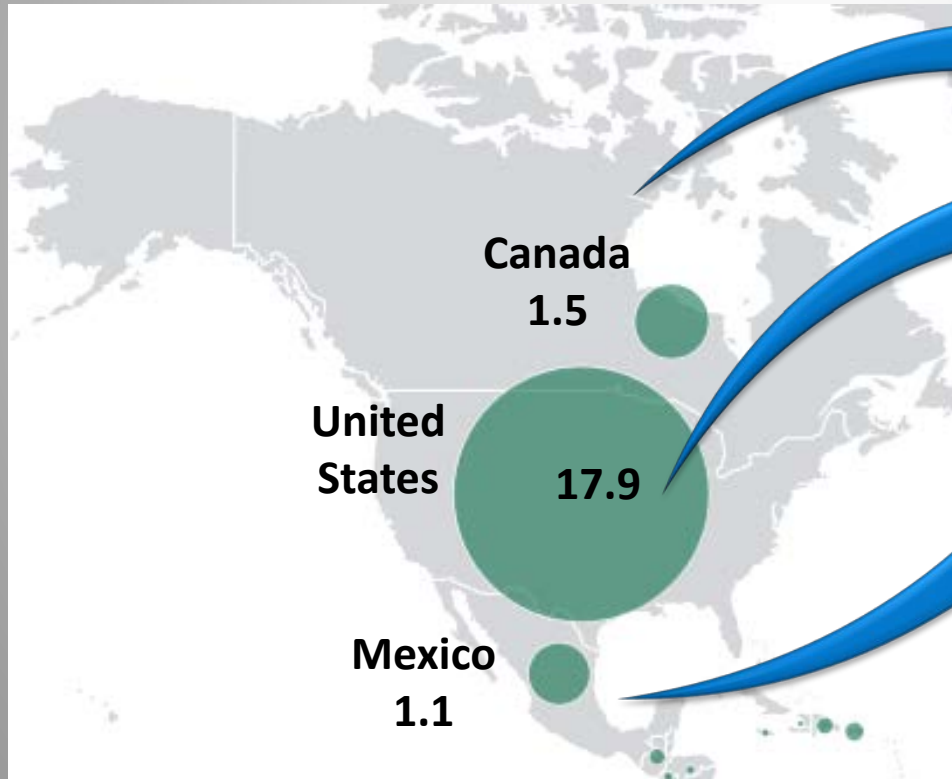
Overview

- Jan/1994 (In Force), Jan/2008 (Final Implementation), 23 years
- Reshaped North American Economic Relations
- Bipartisan Political Support (Initially!)

North America: A Dynamic Economic Powerhouse

- ✓ NAFTA created a thriving regional market of 480 million people and a combined GDP of over \$20 trillion.

Regional GDP
(trillion \$)

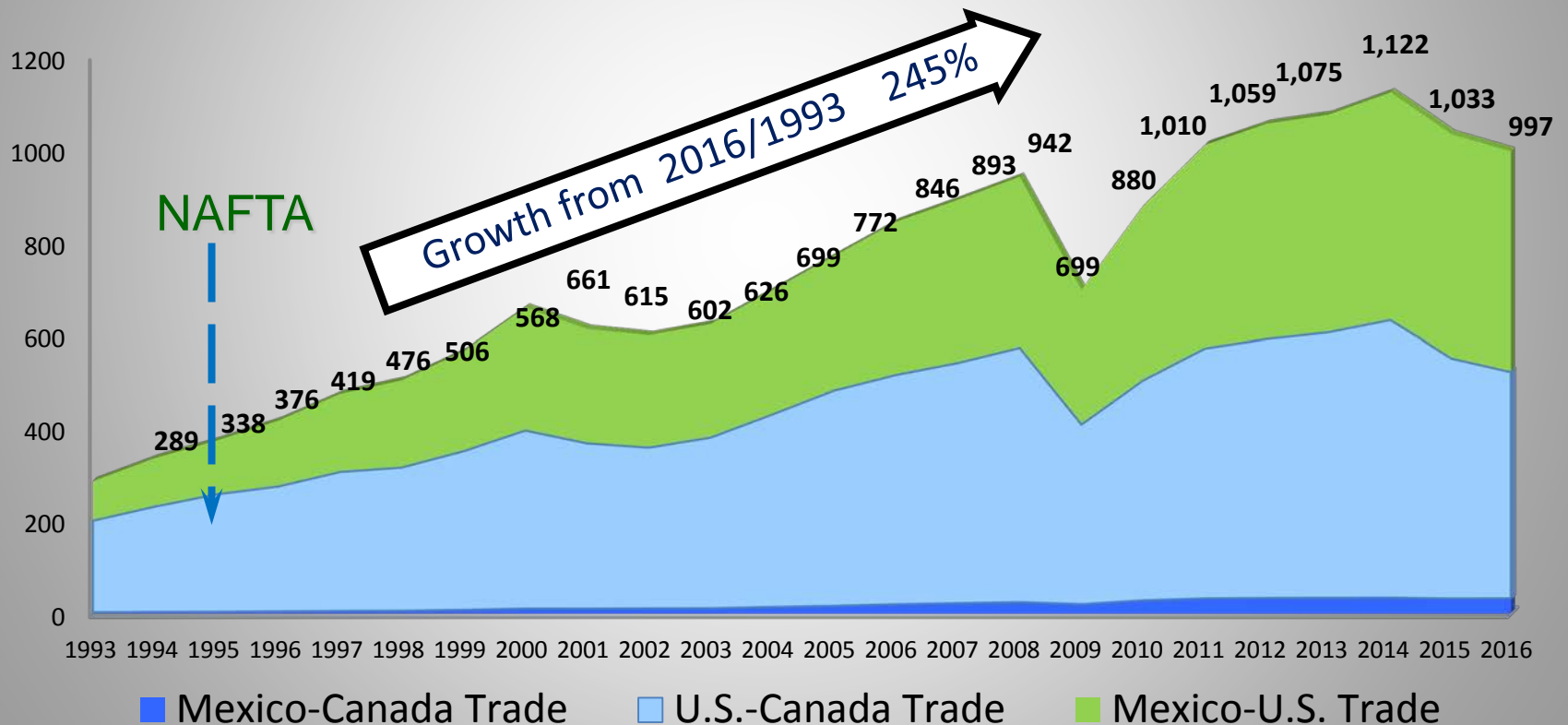


- ✓ North America exports \$2.3 trillion in goods worldwide
- ✓ North America represents 18% of global exports

Recognizing the Importance of NAFTA

- ✓ Trilateral trade has more than tripled, reaching nearly \$1 trillion in 2016.

Trilateral Trade between the NAFTA Partners



The Good, The Bad & The Ugly

Positives:

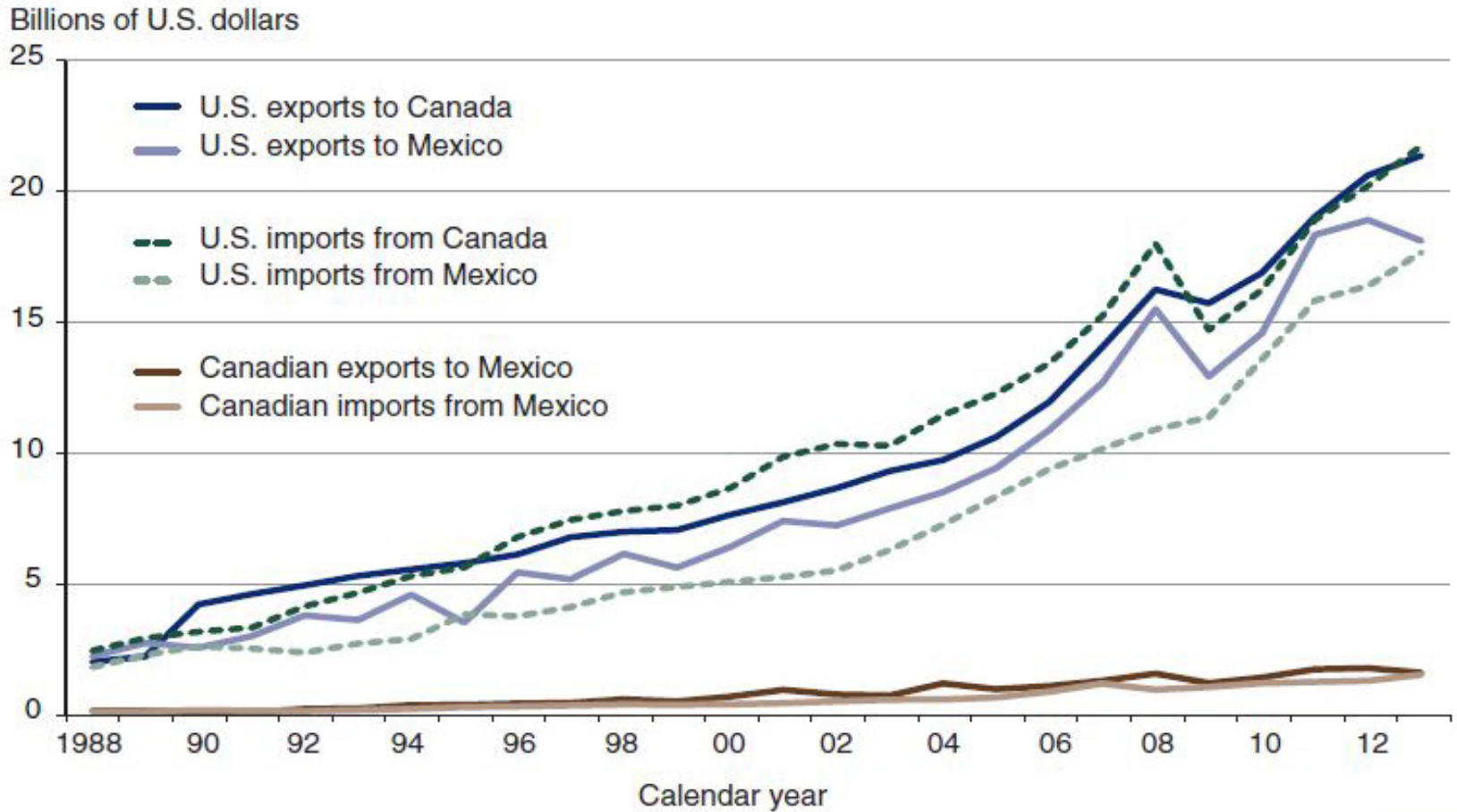
- Increase(small) in U.S. GDP
- Consumers-Lower Prices/More Choice
- Increased Ag Exports
- Greater Economic Integration

Negatives:

- Perceptions
- Jobs???

NAFTA Trade in Agriculture

Figure 2. Agricultural Exports between NAFTA Partners



Source: Zahnister et al., 2015

What Hasn't Changed

- Trade Negotiations/Agreements Complex
- National Sovereignty
- Principle of Comparative Advantage
- Consumers Demand for Lower Prices/Variety

What HAS Changed!

- Political Discourse
- Social Media/Blogosphere
- Economic Interdependency
- Logistics & Communications Technology
- Integrated supply chains

Case for Review & Improvement

- 23 Year Old Agreement (Renegotiation?)
- Agriculture Concerns
 - Non-Tariff Barriers (Including SPS)
 - Remaining Gaps in Export Access
 - Customs & Trade Facilitation
- Other Areas for Negotiation (Autos, Services, IPR, Dispute Settlement, Energy, etc.)

Three Scenarios

- Notify Withdrawal from NAFTA
- Impose Tariffs/Restrictions in Violation of NAFTA/WTO
- U.S., Canada, Mexico Review & Improve NAFTA

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Questions/Discussion