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## U.S. FARMERS SEEK SHELTER FROM NAFTA STORM

*Lobbyists head to Mexico, Washington, to save exports as Donald Trump presses new trade deal*

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U.S. agricultural producers are lobbying hard on both sides of the Mexico border to try to ensure that a renegotiation of the North American Free Trade Agreement doesn't turn U.S. farm exports into collateral damage.

Farm groups are making their case in Washington in the hopes that changes to the 23-year-old trade deal don't hurt what has become the No. 1 market for many U.S. grain, meat and dairy products, often from states that supported President Donald Trump in the election.

Agriculture groups have also been flocking to Mexico in recent weeks to strengthen ties with clients and the government amid rising concerns that Mexico could slap retaliatory tariffs on goods if the U.S. pulls out of Nafta.

Mexico Foreign Minister Luis Videgaray raised that threat last month, saying that retaliatory duties could be used as a response to unilateral trade barriers. In 2009, Mexico did just that: following a dispute over allowing Mexican trucks to cross the border, Mexico put import tariffs on up to 99 products, affecting some \$2 billion in U.S. farm exports.

"We've got to have export markets, it's that simple. We can't survive without them," said Phillip Councill, chairman of the U.S. Grains Council, a Washington-based organization which promotes grains exports. Mr. Councill, who farms nearly 2,000 acres of grain and vegetables in eastern Maryland, was part of a delegation that visited Mexican officials and clients in mid-March.

Mr. Trump has called Nafta – which also includes Canada – "the worst trade pact" the U.S. has ever made, saying it is responsible for millions of factory jobs being lost to Mexico. He has said that he expected talks to begin this year, and that they would either revamp the pact in favor of American workers or he would scrap it altogether.

Mr. Trump has also asserted his support for U.S. farmers. "As my Administration fights for better trade deals, agriculture will be an important consideration so that its significant contributions will only increase in the years ahead," he wrote on Tuesday.

Nafta has greatly aided the industrialization of Mexico as U.S. firms built factories to supply American consumers. But Mexico also made significant concessions in the pact by opening its markets to more efficient U.S. and Canadian farmers – at the expense of many poor, small Mexican farms.

U.S. farm imports are now critical for Mexico's food supply, providing all of the country's corn and sorghum imports, for example.

Mexico has about a \$60 billion trade surplus with the U.S., mostly due to manufactured products such as cars. In turn, Mexico enjoys a surplus of \$7 billion in agricultural products, providing U.S. consumers with winter vegetables such as tomatoes and fruits.

U.S. farmers have expressed concerns about Mr. Trump's trade agenda and its focus on manufacturing. This month, 11 major farm groups met with Gary Cohn, director of the National Economic Council, a White House office that advises the president.

"Our big concern is touching Nafta at all: It's hard for us to improve on our access to Canada and Mexico," said Kent Bacus, director of international trade and market access at the National Cattlemen's Beef Association.

The White House and the U.S. Trade Representative declined to comment on the farmers' message about Nafta.

Commerce Secretary Wilbur Ross, during his confirmation hearing earlier this year, suggested the U.S. has the upper hand. Since many trading partners depend on food imports, the U.S. can use its competitive edge in agriculture in trade talks, he said.

But the U.S. farm lobby wants the administration to remember that Mexico has leverage, too. With the productivity of U.S. agriculture growing faster than domestic demand, the sector relies heavily on exports to sustain prices and revenue.

U.S. farm exports to Mexico totaled close to \$18 billion last year, according to U.S. trade figures, compared with \$4.2 billion in 1994, the year Nafta was signed.

Mexico is also seeking to lessen its dependence on U.S. farm products as Nafta talks loom. "We have increased and accelerated our visits to countries for the purpose of quickly further diversifying Mexican imports," Secretary of Agriculture José Calzada Rovirosa said recently in announcing trade missions to Asia and Europe.

U.S. lobbyists said their meetings with Mexican officials were constructive and that local clients seemed reassured. Mexico's Economy Ministry, which leads Nafta's renegotiation, declined to comment on the talks with these groups.

Should talks on Nafta break down, Mexico's retaliatory tariffs in 2009 are an example of what could happen. Mexico imposed the tariffs after it won a Nafta dispute resolution that the U.S. had unfairly blocked Mexican trucks from U.S. roads.

Though the \$2 billion of targeted goods – including Oregon Christmas trees, certain California fruits and frozen ham – represented a fraction of total bilateral trade, they were carefully chosen to have an impact on certain congressional districts, to put pressure on the U.S. to comply with the ruling.

"The products were chosen in a political way," said Luis de la Calle, a former Mexican official who participated in the negotiations to create Nafta. The retaliatory measures forced the U.S. government to change its policy. "The lesson is very clear: retaliatory measures work."

Tom Vilsack, president of the U.S. Dairy Export Council and the Obama administration's agricultural secretary, said producers are working to convince U.S. legislators and policy makers that the possibility of a punitive reaction on agriculture exports is real.

"If we do our jobs, we should hopefully avoid ever putting the Mexican government in a position where they feel compelled to take a look at a reaction," he said after a day of meetings with clients and authorities in Mexico City.