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## LET'S MODERNIZE NAFTA, BUT 'FIRST, DO NO HARM'

January 28, 2018 at 5:00 am | By JOE UNTERREINER

Article

There's a simple rule in business: Keep your customers close. It's a rule that Montanans need elected officials in Washington, D.C., to keep in mind as they go about modernizing the North American Free Trade Agreement (NAFTA).

Modernizing NAFTA makes a lot of sense. The agreement is 25 years old, and in some ways it's showing its age.

However, threats to withdraw from the agreement are unrealistic and downright dangerous. The reason is simple: Trade with Canada and Mexico supports 14 million American jobs, including 40,000 jobs here in Montana.

In fact, nearly half (48 percent) of Montana exports are destined for customers in Canada and Mexico, generating more than \$650 million in export revenue.

As we roll up our sleeves to modernize NAFTA, we should remember the Hippocratic Oath: "First, do no harm." We should build on what's working in our trade relationships with Canada and Mexico and fix what isn't.

Wheat is our state's largest agricultural export, which underscores the importance of maintaining access to customers in Mexico, a top market for U.S. wheat exports. However, Mexican wheat tariffs could rise from zero to 67 percent if the United States withdraws from NAFTA, likely driving sales to wheat growers in Canada, France, and elsewhere.

Canada and Mexico are the top two markets in the world for U.S.-made manufactured goods, with purchases of nearly half a trillion dollars last year — a sum that tops the next 10 largest markets combined.

Also among the biggest beneficiaries of this commerce are America's small and medium-sized businesses, 125,000 of which sell their goods and services to Mexico and Canada.

Again, modernizing NAFTA makes a world of sense. To give one example, NAFTA was negotiated back when the Internet was a toy for scientists. Today, it's a superhighway for American exporters. NAFTA should include rules that take e-commerce into account.

But ask Gordon Stoner, who grows wheat on his farm near Outlook, Montana, and he'll insist on the "do no harm" message. "Wheat, as are many crops in America, is facing low prices and high surplus," he writes. "Our farm economy is struggling, and we look to current and new trade markets to sell our high-quality product." Even threatening to withdraw from NAFTA has imposed costs on Montana wheat farmers, he explains.

You wouldn't know it from the current debate about trade, but half of all Canadian and Mexican imports are "made-in-the-USA." In fact, the United States recorded a trade surplus of \$12 billion with Canada and Mexico in 2016 when manufactured goods and services are combined.

Canada and Mexico are our best customers in the world. We need to keep it that way. So by all means, let's modernize NAFTA. But let's build on what we've got — and keep what's working.







