

## **Abbott extols NAFTA, calls for updates but urges Trump administration ‘not to fix what’s not broken’.**

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AUSTIN — In his first official correspondence with the country's top NAFTA negotiator, Gov. Greg Abbott extolled the trade agreement's importance to Texas and expressed support for an upgrade, but urged restraint in any changes.

"While there are many areas in need of updating, it is important to not attempt to 'fix' the parts of the agreement that are not broken," Abbott wrote Thursday in a letter to U.S. Trade Representative Robert Lighthizer.

Mexico is Texas' top trade partner, generating about \$178 billion for the state every year. After taking office, President Donald Trump began working to renegotiate the trade agreement and has at times threatened to end it.

The tough talk on NAFTA has forced Abbott to walk a fine line between defending the agreement that has boosted the state's economy over the last two and a half decades, while not offending a Republican administration in Washington.

Throughout the renegotiation period, Abbott's pronouncements on the trade agreement had been politically careful, showing support for a renegotiation while indicating hope that the Trump administration would "see the benefit of an improved NAFTA" that would benefit Texas and the country. Thursday's letter marked a more forceful show of Abbott's stance on the trade agreement, emphasizing the state's trade surplus with Mexico and the nearly 1 million jobs in the state that depend on NAFTA and would be put at risk if the agreement was ended.

"NAFTA has enabled growth and economic stability not only for our state, but also for the nation as a whole, and for our neighbors to the north and south as well," Abbott wrote. "As you continue the work of modernizing this mutually beneficial trade agreement, I hope you will continue to recognize the true value of the decades of trade relationships we have built with Mexico and Canada."

Abbott's letter comes at a crucial time as trade representatives from the three countries opened a crucial round on renegotiating NAFTA in the city of Montreal, as a sense of uncertainty, gloom and doom hangs over the region. In recent months, Mexico and Canada have been working on Plan B, seeking trade deals with other countries. But geography is too important to overlook, business leaders have said.

With presidential elections looming in Mexico this July and U.S. midterms in November, negotiators have been adamant that time is running out, with some experts in Mexico suggesting the fate of NAFTA may be more important than the outcome of Mexico's elections.

Rep. Rafael Anchia, a Democrat from Dallas and one of the leading voices on NAFTA in the state Legislature, said Abbott's statement was long overdue.

"I'm glad that the governor has finally weighed in. We are at a very advanced stage in the negotiations and Texas has a lot to lose if the Trump administration makes good on its threats to tear up NAFTA," Anchia said in a written statement. "While I wish he would have been a more forceful advocate early on, it's better late than never."

Mexican government representatives in Texas praised Abbott's declaration, saying it showed his readiness and willingness to "assume a leading role in framing the debate around U.S.-Mexico trade relations."

"We welcome Gov. Abbott's strong and clear statement: Texas' prosperity is intimately linked to Mexico's," Carlos Gonzalez Gutierrez, Mexico's consul general in Austin, said in a written statement. "To talk about a possible U.S. withdrawal from NAFTA is a high-stakes game for Texas that he is not willing to play."

Mexico hasn't been shy about stressing the importance of NAFTA for the North American region. This week, the Mexican Embassy hosted a dinner for more than 20 U.S. mayors. No state, however, has more at stake than Texas, and its major cities such as El Paso, Laredo, San Antonio, Houston and Dallas.

"The economic stakes are just too high for the governor not to weigh in at this critical stage in the negotiations," said James Hollifield, director of the Tower Center for Political Studies at Southern Methodist University. "In a sense he's bowing to economic reality."

Former U.S. Ambassador Tony Garza, a Texas Republican and special counsel with the White & Case law firm in Mexico City, added: "Well, the time is critical and Greg's voice is an important one. [Sen. John] Cornyn and others have been battling so tirelessly, and I'm guessing they are

happy to see the governor on the field," Garza said. "Of course, when you think about what trade and NAFTA mean for Texas, that's exactly where he needs to be."

Gerry Schwebel of the Texas-Mexico Trade Coalition traveled to Montreal on Thursday and said he will make sure the U.S. trade delegation understands the importance of Abbott's letter. "As a Texan, I will open my comments Friday and say that my governor is on board," he said. "I'm encouraged by the governor's letter. It's important that the governor has stepped up to the plate. He has a good relationship with the president and I hope he delivers the message to him. This isn't about politics. This is about jobs. This is about the country and especially about Texas, and we have a lot at stake."

Abbott lauded Texas as the country's largest exporter and noted that Mexico was its largest export market. Texas sends 40 percent of its total exports — \$92.6 billion — to Mexico.

More than \$1 billion in trade from NAFTA countries were processed by U.S. customs districts in Texas as of November last year, Abbott wrote. He also highlighted the importance of the trade agreement to Texas' energy sector, a major driver of the state's economy.

"High tariffs on this industry in the absence of NAFTA could have substantially negative repercussions to our state and national energy industry," Abbott wrote.

Abbott emphasized the trade agreement's importance to Texas jobs, noting that nearly 1 million jobs in the state depend on free trade with NAFTA countries. Beyond Texas, he said, nearly 6 million jobs in the United States depend on trade with Mexico.

"The increased economic diversity that Texas has achieved in part due to expanded trade relationships has provided Texas with economic resiliency in the face of recent oil price shocks," Abbott said. "But these economic drivers face a devastating increase in tariffs should NAFTA cease to exist, jeopardizing the jobs of Texans and other Americans."

Nowhere is the trade agreement's success more evident than the Rio Grande Valley, where unemployment has decreased from 21.1 percent in 1993 to 6.2 percent, Abbott said. He added that the labor force and per capita income of the region, which borders Mexico, has also dramatically increased.

The governor's letter also highlighted the importance of Texas' trade with Canada, the third player in the NAFTA negotiation talks. The state is second to Michigan in exports to Canada and brings in \$15.2 billion per year in imports from the country.