

Mexico's Calderon Warns Obama Against Renegotiating Trade Deal

By Mark Drajem and Joshua Goodman

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Nov. 22 (Bloomberg) -- Mexican President Felipe Calderon warned Barack Obama against trying to renegotiate the North American Free Trade Agreement, saying restricting commerce would only encourage illegal Mexican emigration to the U.S.

“The day access is closed, workers will jump over whatever river or wall you put there,” Calderon told business leaders today at the Asia-Pacific Economic Cooperation forum in Lima, Peru, where leaders of 21 nations are meeting.

Calderon's comments reflect unease among U.S. trading partners over the likely economic policies of President-elect Obama, who has expressed reservations about Nafta and pending agreements with Colombia and South Korea. Leaders from the Asia-Pacific region also said they are concerned protectionism would exacerbate the global economic crisis.

“Obama's signals have not been very positive as far as free trade is concerned,” Luc Gerard, president of Bogota-based private equity fund Tribeca Partners, said in an interview. “There's definitely a concern.”

The leaders are meeting amid signs that the global economic slump is growing deeper. The worst credit crisis in seven decades spurred countries from China to the U.K. to boost spending or cut taxes in an effort to support growth and avoid a prolonged recession.

“One of the enduring lessons of the Great Depression is that global protectionism is a path to global economic ruin,” President George W. Bush told the summit.

Bush complained that Congress hasn't approved pending trade deals, and Colombian President Alvaro Uribe wondered whether a free-trade accord with Canada would boost chances for his deal with the U.S.

Bush's Trade Agenda

Bush has made the pursuit of trade agreements the centerpiece of his international economic agenda, securing eight deals since taking office in 2001. He's also been a consistent cheerleader for the World Trade Organization's Doha Round of negotiations, which broke down in July. The APEC leaders are likely to pledge to try to revive it before Bush leaves office.

Obama, who takes office Jan. 20, has raised questions about the pending trade pacts with Colombia and South Korea. During the election campaign, he said he would seek to renegotiate

Nafta, which includes Canada and Mexico and dates from 1994, to include strict labor and environmental provisions.

Advisers who spoke on the condition of anonymity have said that Obama will order a study on Nafta, then seek longer-term negotiations with Mexico and Canada on how to change it after he becomes president. Mexico is the third-largest U.S. partner, with trade valued at \$347 billion last year.

Period of Transition

“We're in transition here in Washington, and that's part of the complication,” said Myron Brilliant, vice president for Asia at the U.S. Chamber of Commerce. Other nations are asking “questions about the priorities of the new administration.”

At the annual meeting, APEC leaders made the case for keeping markets open.

“Nations must not make a regression to protectionism citing the current financial crisis,” South Korean President Lee Myung Bak said. “Newly emerging economies that are vulnerable to protectionism will get the most damage.”

Canadian Prime Minister Stephen Harper, who signed a free-trade agreement with Colombia yesterday, has rejected Obama's plan to rework Nafta and echoed Lee and Bush today.

“Building walls and closing doors is always wrong,” Harper said. Signing the trade agreement with Colombia should send a signal to the world against protectionism, he added.

Mexico's Calderon was most direct when he asked about Obama's plans to rework Nafta.

“I hope that the next U.S. government won't make this mistake,” he said. Instead of scaling Nafta back, the agreement should be expanded to include the free movement of workers, he added.

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