Is it ?fair trade? or ?America First??

IT WAS PROBABLY no coincidence that the Trump administration released an 18-page report outlining its goals for updating the North American Free Trade Agreement (NAFTA) in ?Made in America' week.

On Monday, President Donald Trump vowed to boost U.S. manufacturing by cutting a $65-billion trade deficit with Mexico as he showcased products made in all 50 states, everything from a fire truck to a baseball bat. ?No longer are we going to allow other countries to break the rules, to steal our jobs and drain our wealth,? he said at a White House event during which he climbed aboard a fire truck made in Wisconsin.

The vaguely worded wish list contained the first specifics in support of the president's bold promises on trade, which include pledges to recover factory jobs and boost wages by crafting new trade deals.

Mr. Trump's two main slogans based on his campaign to ?make America great again? are ?America first? and ?fair trade.?

For those who might see these as inherently contradictory, the president offered an explanation, saying he only seeks a level playing field for U.S. companies and workers, but ?if the playing field was slanted a little bit toward us, I would accept that, also.?

So what does it all mean for Canada? Chrystia Freeland, our minister of foreign affairs, noted following release of the U.S. goals summary that NAFTA currently ?supports millions of middle class jobs? across North America and said Canada welcomes the opportunity to add ?progressive, free and fair approaches? to the pact.

As matters stand, the U.S. now has trade deficits with both Mexico and Canada, but the one with Mexico is six times as high ? $65 billion in 2016, compared with just $11 billion with Canada, with most if not all of that in energy ? electricity, crude oil and natural gas ? which helps keep U.S. homes heated and factories running.

Something Mr. Trump and his advisers probably don't know is that most of the jobs lost in Canada since the advent of NAFTA have been to the U.S., with U.S.-owned firms closing their Canadian operations.

And the reality is that this relatively small trade imbalance, of less than $1 billion a month, is miniscule by comparison with the one the U.S. has with China. In the first five months of this year, U.S. exports to China totalled just $49.5 billion compared with imports of $188 billion.

In the circumstances, one wonders why the Trump administration sees any need for changes in the current Canada-U.S. trading relationships.

Although the document is vague, it challenges Canada's supply management system for dairy and poultry products, and calls for ?fair and open conditions? in telecommunications and financial services, including provisions that prohibit discrimination against foreign service suppliers.

Perhaps the most inappropriate proposal is the killing of NAFTA's Chapter 19 dispute settlement mechanism. Historically, Chapter 19 allows Canadian exporters to challenge measures imposed by the U.S. Department of Commerce and the International Trade Commission by having them reviewed by a binational NAFTA panel comprising trade experts from the two countries involved in the dispute.

Canada's success rate under Chapter 19 has been positive, and without it, Canadian companies would need to rely on U.S. courts to conduct reviews of the U.S. measures.

As well, a proposal to re-introduce snapback tariffs would add another tool to the U.S. protectionist armoury. The draft notice calls for snapback tariffs on any goods imported from Canada that causes, or threatens to cause, serious harm to U.S. industry. As a result, even Canadian exporters that compete fairly with U.S. goods could face retaliatory snapback tariffs aimed at further promoting ?America First? policies.