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Editorial: The first shot

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Obama triggers Mexican trade retaliation

As the American economy continues to deteriorate and U.S. exports decline sharply, the rumblings of a self-inflicted trade war are starting to be heard.

This is an ominous turn for President Barack Obama, who started the trade dispute by signing a bill to prohibit Mexican trucks on U.S. highways outside of a 20-mile zone along the border – in glaring violation of the North American Free Trade Agreement. In retaliation, Mexico has announced it will impose stiff tariffs on about 90 U.S. products from 40 different states, an action that will further reduce U.S. exports just as the economy is reeling from a deepening recession. Mexico's economic retaliation is expressly permitted under NAFTA in response to the U.S. breach of the treaty.

Obama and the Democratic majorities in the House and Senate caved in to pressure from the powerful Teamsters union, which has long sought to prohibit Mexican truckers from competing in the U.S. market. As part of a mega-spending bill approved last week, a pilot program allowing Mexican trucks partial access to U.S. highways was summarily scrapped.

Scrambling to contain the gathering trade war, Obama promptly announced he would seek legislation to reinstate a pilot program for Mexican trucks – the very thing he killed with his signature on the spending bill. The president's credibility is perilously thin, however. Never mind that this is yet another example of the president's saying one thing and doing just the opposite. His pandering to organized labor during the presidential campaign also included an ill-advised call to renegotiate NAFTA.

Under such circumstances, Mexico can hardly be blamed for exercising its legitimate rights under the trade treaty.