

With eyes on Trump, Louisiana and Mexico keep talking trade, business

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President Donald Trump gestures during his first address to a joint Congress Tuesday (Feb. 28). (AP Photo/Alex Brandon)

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By [Richard Rainey, NOLA.com](#)

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President [Donald Trump](#) has not let up on his criticism of [Mexico's](#) relationship with the United States, even as he [sent two of his top emissaries](#), Secretary of State Rex Tillerson and Secretary of Homeland Security John Kelly, last month across the Rio Grande to discuss just that.

But in an administration remarkable for the blazing speed with which it has tried to fulfill campaign promises, Trump has been slow to act on any meaningful trade policy beyond nixing the Trans-Pacific Partnership.

That leaves businesses and those with livelihoods tied to trade with Mexico left to read the tea leaves of a sometimes mercurial White House. That instability has been especially sensitive in Louisiana, which has considered Mexico one of its biggest trade partners for years.

Trump, secretary of State pick differ on global free trade

Rex Tillerson voiced support for the Trans-Pacific Partnership, a frequent Trump campaign target.



"Our real key is to get back to certainty," Louisiana Economic Development Secretary Don Pierson said in a recent interview.

For Louisiana, trade with Mexico is far more than moving goods across the border. It is business partnerships and shared technology in the [oil and gas](#) fields. It is the commercial flow through the [ports](#) of the [Mississippi River](#) as Mexican products make their way into America's hinterlands, and vice versa.

Trump's protectionist rhetoric worries some in the trade industry. Threats of a "border tax" or high tariffs on Mexican products would undermine the U.S. position in the global economy, not to mention be passed onto average consumers. Mexico is already showing signs that it's willing to retaliate, with talks of shifting its corn trade to South America and away from the U.S. market.

As the two countries' marriage edges toward estrangement, a trade war in tandem with -- or as proxy for -- a border war could have dramatic consequences for the Louisiana economy.

For now, the Trump administration has done little more than decry the \$60 billion national trade deficit with Mexico and demand a reworking of the North American Free Trade Agreement. Without a clear understanding of how the president intends to shape his trade policy toward Mexico, Louisiana is left with few options but to plow ahead, trade experts and economists said.

The economies of Louisiana and Mexico are inextricably linked. Louisiana exported more products to Mexico than any other country save China, according to [the latest data](#) from the U.S. Census Bureau. The state shipped \$5.82 billion in goods to Mexico in 2015.

Similarly, Mexico is the seventh largest source of goods imported into Louisiana. More than \$1.3 billion in goods traveled to the Pelican State in 2015, [data show](#).

Louisiana and other oil-producing Gulf States are looking to strengthen their business bonds with Mexico's petroleum economy. As Trump was delivering his inaugural address in January, a group of American liaisons and executives were in Campeche to discuss new technologies and partnerships with their Mexican oil and gas counterparts.

Louisiana has strong ties to Mexico's coastal states, where offshore oil exploration has been heating up. That opportunity has enticed some companies to open up offices there.

Claudio Flores, a project manager with the engineering firm T. Baker Smith, said the January sessions were productive, their mood welcoming despite Trump's rhetoric.

"Talking to people in Mexico, the regular people, I don't think they have an anti-American feeling -- we're not all the same," he said.

Louisiana is also a major supplier of rice, with roughly 70 percent of the state's crop going to Mexico, said Mike Deliberto, an economist with the LSU Agricultural Center.

But the state finds itself in a tenuous spot. A large flood in northern Louisiana a year ago and the catastrophic deluge in south-central Louisiana in August have devastated several crops, including rice. Coupled with low commodity prices, the disasters delivered a double blow to farmers' wallets.

A knock to the rice trade with Mexico could jolt the state's agribusiness even worse.

"Anything that could jeopardize that is a concern, especially in a time when we have a suppressed rice price like we have right now," Deliberto said.

Beyond actual products, Louisiana has the distinct advantage of running some of the largest ports in the country by sheer amount of goods that pass through their docks.

While Gary LaGrange, the Port of New Orleans' outgoing chief executive, said in a recent interview that he didn't object to Trump's promises to negotiate unilaterally with other countries, large-scale threats to the Mexico-U.S. relationship under NAFTA could be disadvantageous for Louisiana.

"One hand washes the other and together they wash the face, and that's how I feel about free trade," he said.

But for now, all any of Louisiana's trade advocates can do for the time being is just wait and see just what Trump does.

"As far as we're concerned, there's still a lot of rhetoric and nothing concrete in play," said Caitlin Cain, chief executive officer for the World Trade Center of New Orleans.

1. [New Orleans Business News](#)

U.S. adds 98,000 jobs in March; jobless rate dips to 4.5 percent

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The momentum in the U.S. labor market flagged in March, new government data showed Friday, with the private sector and the government adding only 98,000 jobs. (AP Photo/Alan Diaz, File)

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By [Bloomberg News](#)

WASHINGTON - The momentum in the [U.S. labor market](#) flagged in March, new government data showed Friday, with the private sector and the government adding only 98,000 jobs.

Economists surveyed by Bloomberg had expected 175,000 jobs to be added in the month.

The unemployment rate fell to 4.5 percent from 4.7 percent the previous month, while average hourly earnings rose by 5 cents to \$26.14, following a 7-cent increase in the previous month.

Economists had widely expected the official jobs data for March to come in below those of January and February, when unseasonably warm weather buoyed many industries. In what was the second-warmest February on record, the construction industry added more jobs than it had in a decade.

In March, however, a cold snap and winter storm returned to dog the East Coast and Midwest, weighing on economic activity.

A survey of private-sector payrolls by payrolls processor ADP released Wednesday morning showed the U.S. adding 263,000 private-sector jobs in March, far exceeding expectations. But some economists, including Ian Shepherdson of Pantheon Macroeconomics, said that the ADP figures likely overstated the official data, since the ADP survey includes lagged data from the previous month.

The strength of the U.S. economy in recent months has helped persuade the Federal Reserve to continue taking its foot off the accelerator by gradually raising interest rates from the ultra-low levels of the recession. The Fed lifted its main interest rate on March 15, only the third such move in more than eight years.

Discussions from inside the central bank show that Fed officials are relatively confident they are nearing their goal of ensuring full employment for the U.S. economy, and are instead shifting their focus to restraining the threat of emerging inflation.

Core inflation, which excludes volatile food and energy prices, remains below the central bank's long run target of 2 percent, but it has inched closer in previous months, rising 1.8 percent from the year-ago period in February.

While economic data for the U.S. remains strong, some analysts caution that investors may already be losing patience with the White House's ambitious economic promises, only 77 days into Donald Trump's presidency.

U.S. stock markets surged following the election on expectations that President Trump would deliver on bold promises to buoy U.S. industry by slashing regulations and corporate taxes. But the White House has faced early obstacles introducing its health care and tax plans into Congress, and much of the news cycle has been dominated by hearings about connections with Russia and infighting in White House leadership.

Meanwhile, Trump's ambitious campaign promises related to reforming America's trade strategy and rebuilding its infrastructure mostly have yet to materialize.

"After the surprise outcome of the presidential election, financial markets quickly priced expected action on a number of key campaign themes," analysts from Goldman Sachs wrote in a note on Apr. 6. "But investors have become more skeptical since the inauguration, and over the last few weeks in particular the failure of [the Affordable Care Act] repeal and replacement has sharply undermined the perceived likelihood of major policy changes."

The fear is that further legislative delays could weigh on business and consumer confidence, which soared following the election, Scott Anderson, chief economist at Bank of the West economics, wrote in a note in late March. "Risks that the new administration and Congress could get seriously side-tracked from their tax cut, infrastructure, and deregulation agenda are on the rise."

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