



FOR IMMEDIATE RELEASE: 11/1/2017

Media Contact: [Email](#) or 202.346.8873

Investors Say NAFTA Withdrawal Would Hurt Stock Market and US Economy

Washington, D.C. – Today the Trade Leadership Coalition (TLC) released the results of a survey assessing Wall Street investors’ sentiments on the impacts of a U.S. withdrawal from the North American Free Trade Agreement (NAFTA). The survey results demonstrate that stock market participants are not currently pricing in the possibility of a NAFTA withdrawal, and that investors strongly believe ending NAFTA would hurt US employment, economic growth and equity valuations in both the short and medium term.

Commenting on the findings TLC Chairman Bill Lane said: “President Trump, and his trade advisors, need to know that the Administration’s actions on NAFTA could seriously jeopardize the stock market rally that he has worked so hard to promote. NAFTA helps make America globally competitive and provides a stable investment environment that creates jobs and prosperity in all three countries.”

Key Findings:

- 72 percent of investors believe NAFTA withdrawal would harm US economic growth over the next 1 – 2 years
- 76 percent of investors do not believe the market is pricing in the possibility of a NAFTA withdrawal
- Investors believe that the U.S. agriculture and automobile sectors would be hardest hit by a NAFTA withdrawal
- Weakening ISDS, installing a “sunset clause”, and increasing rules of origin would negatively impact the North American investment environment

The survey, conducted on behalf of the TLC by FTI Consulting, includes 103 responses from 97 different buy-side investment firms. 92 percent of respondents are portfolio managers with reported assets under management, removing duplicates and null values for non-reporting hedge funds, of \$2.3 Trillion.

The Trade Leadership Coalition (TLC) is a 501(c)(4) non-profit organization providing public information and educational resources to explain the benefits of the United States engaging in international trade – both exports and imports. Our mission is to ensure that beneficial trade relationships and flows are sustained through smart and effective trade policies.



Topline Report

NAFTA Investor Survey

October 24th 2017

Conducted by FTI Consulting

Q1 - What do you think that the probability is of the US withdrawing from NAFTA or the negotiations failing? Please select one.

	%	Count
Very High (80%-100%)	4%	4
High (60%-80%)	15%	15
About Even (40%-60%)	41%	42
Low (20%-40%)	26%	27
Very Low (0%-20%)	15%	15
Total	100%	103
Total High	18%	
Total Low	41%	

Weighted Average Probability = 43%

Q2 - To what extent do you believe that the risk of the US withdrawing from NAFTA is already priced into US equities? Please select one.

	%	Count
Completely (80%-100%)	1%	1
Mostly (60%-80%)	10%	10
About Even (40%-60%)	13%	14
Partially (20%-40%)	36%	37
Not at All (0%-20%)	40%	41
Total	100%	103
Total High	11%	
Total Low	76%	

Weighted Average = 29%



Q3 - To what extent do you believe that the risk of the US withdrawing from NAFTA is already priced into valuations in the following sectors? Please select one for each.

	Not at All (0%-20%)	Partially (20%-40%)	About Even (40%-60%)	Mostly (60%-80%)	Completely (80%-100%)	% Low	% High	Weighted Average
Energy	36%	30%	13%	18%	3%	66%	21%	34%
Apparel and Textiles	36%	39%	9%	15%	2%	75%	17%	32%
Automotive	35%	43%	7%	15%	1%	78%	16%	31%
Transportation and Logistics	37%	36%	12%	15%	1%	73%	16%	31%
Agriculture	32%	46%	9%	11%	3%	78%	14%	31%
Telecommunications Equipment	49%	22%	8%	19%	2%	71%	21%	31%
Medical Devices	50%	18%	12%	18%	1%	69%	19%	30%
Machinery	45%	28%	14%	13%	1%	73%	14%	29%

Q4 - Please rate the near-term impact (1-2 years after NAFTA ending) for the following if the US withdraws from NAFTA. Please select one for each.

	Very Negative	Negative	Little to No Impact	Positive	Very Positive	% Negative	% Positive	Weighted Avg.
US Employment	5%	40%	39%	15%	2%	45%	17%	42%
US Equity Market	6%	61%	26%	6%	1%	67%	7%	34%
US Economic Growth	8%	64%	20%	7%	1%	72%	8%	32%

Q5 - Please rate the long-term impact (5+ years after NAFTA ending) for the following if the US withdraws from NAFTA. Please select one for each.

	Very Negative	Negative	Little to No Impact	Positive	Very Positive	% Negative	% Positive	Weighted Avg.
US Employment	6%	40%	33%	17%	4%	46%	21%	44%
US Equity Market	5%	43%	46%	5%	2%	48%	7%	39%
US Economic Growth	7%	55%	26%	12%	0%	62%	12%	36%



Q6 - Please rate your general view of all current free-trade agreements on the below. Please select one for each.

	Very Negative	Negative	Little to No Impact	Positive	Very Positive	% Negative	% Positive	Weighted Avg.
US Equity Market	0%	4%	15%	65%	17%	4%	82%	74%
US Economic Growth	1%	13%	8%	63%	16%	14%	79%	70%
US Employment	1%	27%	18%	49%	5%	28%	53%	57%

Q7 - Please rate the near-term business impact (1-2 years after NAFTA ending) for the following US industry sectors if the Trump Administration withdraws from NAFTA. Please select one for each.

	Very Negative	Negative	Little to No Impact	Positive	Very Positive	% Negative	% Positive	Weighted Avg.
Medical Devices	3%	26%	67%	3%	1%	29%	4%	43%
Telecommunications Equipment	4%	28%	64%	2%	2%	32%	4%	43%
Energy	5%	36%	49%	10%	1%	41%	11%	42%
Machinery	6%	57%	27%	8%	2%	63%	10%	36%
Apparel and Textiles	16%	50%	22%	11%	2%	65%	13%	34%
Agriculture	16%	56%	17%	10%	2%	72%	12%	32%
Transportation and Logistics	18%	51%	22%	6%	2%	70%	8%	30%
Automotive	29%	53%	8%	8%	2%	83%	10%	25%

Q8 - Please rate the near-term economic impact (1-2 years after NAFTA ending) for the following countries if the Trump Administration withdraws from NAFTA. Please select one for each.

	Very Negative	Negative	Little to No Impact	Positive	Very Positive	% Negative	% Positive	Weighted Avg.
China	4%	16%	48%	31%	2%	19%	33%	53%
Germany	1%	8%	73%	17%	1%	9%	18%	53%
Japan	2%	8%	72%	17%	1%	10%	18%	52%
India	2%	9%	70%	19%	0%	11%	19%	52%
Brazil	2%	18%	57%	22%	0%	20%	22%	50%
United Kingdom	1%	10%	84%	5%	1%	11%	6%	49%
Canada	20%	66%	13%	1%	0%	86%	1%	24%
Mexico	53%	43%	4%	0%	0%	96%	0%	13%



Q9 - Are you familiar with the investor-state dispute settlement mechanism in NAFTA? Please select one.

	%	Count
Yes	32%	33
No	68%	70

Q10 - What do you think that that the impact would be of weakening the investor-state dispute settlement mechanism on cross-border investment in a renegotiated NAFTA? Please select one.

Answer	%	Count
Very positive	0%	0
Positive	8%	8
Little to No Impact	33%	34
Negative	52%	54
Very negative	7%	7
Total	100%	103
Total Positive	8%	
Total Negative	59%	

Q11 - Are you aware that Mexico recently adopted reforms opened the energy sector to investment by US energy companies? Please select one.

	%	Count
Yes	79%	81
No	21%	22

Q12 - What do you think that that the impact would be on investment in Mexico by US energy companies if the US withdrew from NAFTA? Please select one.

Answer	%	Count
Very positive	1%	1
Positive	4%	4
Little to No Impact	28%	29
Negative	55%	57
Very negative	12%	12
Total	100%	103
Total Positive	5%	
Total Negative	67%	



Q13 - Are you aware that the Trump Administration has proposed mandating much higher rules of origin for automobile production in NAFTA? Please select one.

	%	Count
Yes	90%	93
No	10%	10

Q14 - What do you think that that the impact would be on US automotive industry if higher rules of origin for automobile production were adopted in a renegotiated NAFTA? Please select one.

Answer	%	Count
Very positive	2%	2
Positive	17%	17
Little to No Impact	14%	14
Negative	48%	49
Very negative	20%	21
Total	100%	103
Total Positive	18%	
Total Negative	68%	

Q15 - Are you aware that the Trump Administration is pushing a “sunset clause” provision in NAFTA, which means that NAFTA would be up for renewal every 5 years? Please select one.

	%	Count
Yes	71%	73
No	29%	30

Q16 - What do you think that that the impact would be on cross-border investment of including a “sunset clause” in a renegotiated NAFTA? Please select one.

Answer	%	Count
Very positive	0%	0
Positive	8%	8
Little to No Impact	17%	17
Negative	61%	63
Very negative	15%	15
Total	100%	103
Total Positive	8%	
Total Negative	76%	



Q17 - Do you believe that the US should maintain its leadership position in the global economy? Please select one.

Answer	%	Count
Strongly Agree	65%	67
Agree	29%	30
Neutral	5%	5
Disagree	1%	1
Strongly Disagree	0%	0
Total	100%	103
Total Agree	94%	
Total Disagree	1%	

Q18 - Do you believe that that the Trump Administration threatening to withdraw from NAFTA is merely posturing in the negotiations? Please select one.

Answer	%	Count
Strongly Agree	10%	10
Agree	45%	46
Neutral	14%	14
Disagree	25%	26
Strongly Disagree	7%	7
Total	100%	103
Total Agree	54%	
Total Disagree	32%	

Q19 - Do you believe that the US is ceding its leadership position in the global economy to China? Please select one.

Answer	%	Count
Strongly Agree	10%	10
Agree	31%	32
Neutral	23%	24
Disagree	34%	35
Strongly Disagree	2%	2
Total	100%	103
Total Agree	41%	
Total Disagree	36%	



Q20 - How would you describe your current professional role? Please select one.

Answer	%	Count
Portfolio manager	92%	95
Buy-side analyst	6%	6
Sell-side analyst	0%	0
Other (please specify)	2%	2
Total	100%	103

Q21 - How would you describe the geographic orientation of your investments? Please select one.

Answer	%	Count
Global	42%	43
North America	55%	57
South America	0%	0
EMEA	0%	0
Asia/Pacific	0%	0
Emerging markets	3%	3
Other (please specify)	0%	0
Total	100%	103

Q22 - Are you registered to vote in the United States of America? Please select one.

Answer	%	Count
Yes	70%	72
No	30%	31
Total	100%	103

Q23 - Do you consider yourself to be... Please select one.

Answer	%	Count
A Republican	32%	23
A Democrat	13%	9
An Independent	51%	37
Something else	4%	3
Total	100%	72