



## If NAFTA Is Terminated, Be Wary of These 3 Companies

### Description

Recent remarks by President Trump relating to the North American Free Trade Agreement (NAFTA) at a rally in Phoenix on Tuesday have indicated to investors that talks may not be heading in the right direction, as suggested by the media up until the rally.

On Tuesday, President Trump spoke to his base of supporters, saying “personally, I don’t think we can make a deal [happen] because we have been so badly taken advantage of ... so I think we’ll probably terminate NAFTA at some point.”

These comments, while in line with previous rhetoric made by the U.S. president, have resulted in cause for concern among investors in export-reliant companies, although it appears such worries have not translated into lower share prices for some companies, at least for now.

Three companies that are expected to lose the most from an unfavourable agreement (or a terminated one) are **Canfor Corporation** ([TSX:CFP](#)), **Saputo Inc.** ([TSX:SAP](#)), and **Bombardier, Inc.** ([TSX:BBD.B](#)). These companies are in three completely different industries, yet each has the potential to be significantly impacted by any renegotiated NAFTA deal.

### Canfor

The softwood lumber producer has been on an amazing run of late, despite increased tariffs from the U.S. market, a rising Canadian dollar, and the rhetoric of late from President Trump in support of the U.S. softwood lumber industry, which has lobbied for even higher tariffs against Canadian producers.

With the U.S. softwood lumber market now seeing imports of the renewable commodity increasing from countries such as Germany (by 1,000%, nonetheless), it appears more and more likely that imports from outside Canada are likely to make up a higher percentage of the available U.S. market for softwood lumber not serviced by U.S. producers due to the fact that European or South American producers are not hit by the large duties for softwood lumber Canfor has to deal with.

### Saputo

In the case of Saputo, one of the world's largest cheese-makers by volume, U.S. exports account for a significant percentage of the company's overall revenue and profits.

Rhetoric stemming from a Trump rally in Wisconsin aimed at Canada's supply-management system, one which puts a limit on the amount Canadian importers can import from countries such as the U.S., is in line with the recent comments made at the president's more recent rally, providing potential long-term headwinds for the Canadian producer.

## **Bombardier**

Bombardier's ongoing dispute with American rival **Boeing Co.** ([NYSE:BA](#)) has the potential to be exacerbated by any NAFTA renegotiation pertaining to the aerospace industry, although no specific comments have been made in this regard.

In June, the U.S. Commerce Department advanced the anti-dumping probe requested by Boeing, although this dispute remains ongoing, and Bombardier's management team has stated it will vigorously defend the company's actions related to this matter.

Stay Foolish, my friends.

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1. Editor's Choice

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1. NYSE:BA (The Boeing Company)
2. TSX:BBD.B (Bombardier)
3. TSX:CFP (Canfor Corporation)
4. TSX:SAP (Saputo Inc.)

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