



NAFTA UPDATE: BILATERAL OR TRILATERAL?

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SUMMARY

- On August 27th, President Trump announced that the U.S. and Mexico had reached an agreement in principle to modernize the North American Free Trade Agreement (NAFTA).
- Whether the deal will be trilateral or bilateral remains an open question. On August 31st, the Trump administration notified the U.S. Congress of its intent to sign a new trade deal with Mexico “and Canada, if it is willing” in 90 days.
- Canada-U.S. unresolved issues include protection for Canadian cultural and dairy industries and dispute settlement provisions over unfair trade practices. The three North American countries are expected to continue negotiations until September 30th, the deadline to submit the legal text of the agreement to Congress.
- It is uncertain if Congress would accept a bilateral deal with Mexico. Under Trade Promotion Authority (TPA), Congress granted the United States Trade Representative (USTR) the authority to modernize NAFTA, not to strike a bilateral deal with Mexico. Furthermore, leading business groups like the U.S. Chamber of Commerce and the Business Roundtable are steadfastly opposed to a bilateral deal, as are some members of the House and Senate.
- The proposed agreement incorporates new or vastly revamped commitments that address concerns raised by U.S. companies and other stakeholders on many issues, including e-commerce, trade in services, intellectual property, trade facilitation, and labor.
- In other areas, however, the revised NAFTA could represent a rollback of trade liberalization, as compared with the original agreement, particularly provisions that would impose very high and complex auto rules of origin, introduce quotas for autos and probably steel and aluminum as part of an eventual resolution to the 232 tariffs dispute, and eliminate or weaken critical dispute settlement mechanisms.

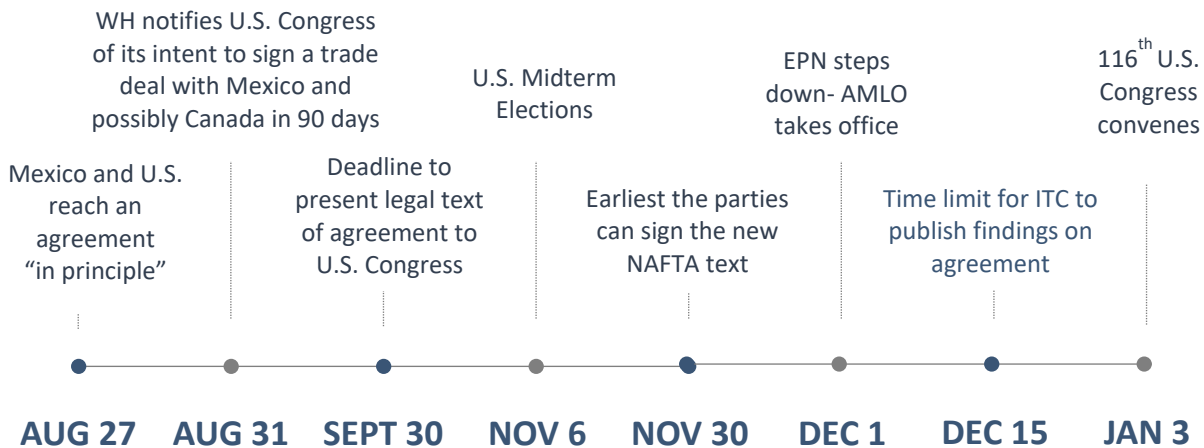
ABOUT ASG

Albright Stonebridge Group (ASG) is the premier global strategy and commercial diplomacy firm. We help clients understand and successfully navigate the intersection of public, private, and social sectors in international markets. ASG’s worldwide team has served clients in more than 110 countries.

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- Businesses should monitor the status of negotiations over U.S. tariffs on steel and aluminum, and whether a resolution will include quotas. It is highly unlikely that Mexico or Canada would ratify a new agreement or remove their own retaliatory tariffs unless the U.S. first removes the 232 tariffs.
- Businesses should also assess the content of the legal text and any “side letters” on issues such as auto quotas, and the timeline granted by Congress for review and ratification of the agreement. Even if a trilateral deal is presented at the end of September, the NAFTA drama is far from over.

Timeline of Negotiations and U.S. Ratification



ASG's Latin America Practice has extensive experience helping clients navigate markets across the Americas. For questions or to arrange a follow-up conversation please contact [Antonio Ortiz-Mena](#).

