Trump Administration Releases NAFTA Renegotiating Objectives

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On July 17, 2017, the Trump Administration released its most detailed and comprehensive list of objectives to date for renegotiating the North American Free Trade Agreement (NAFTA). While this publication provides additional insight into the renegotiation goals of the Trump Administration, it does trigger a 30-day period before formal talks of NAFTA renegotiation among the United States, Mexico and Canada can officially begin. Such 30-day period will end on **August 16, 2017**, on which the first round of talks on the three-nation pact are scheduled to take place.

NAFTA Renegotiation Objectives

According to the 18-page published document, since the Trump Administration formally notified Congress of its plan to renegotiate NAFTA on May 18, 2017, United States Trade Representative (USTR) Robert Lighthizer has been consulting with Congress, companies with NAFTA interests, and the public-at-large to seek comments regarding NAFTA renegotiations. Using this data, USTR developed the following key objectives for the U.S. as it prepares to return to the negotiating table with Canada and Mexico:

- Improve the U.S. trade balance and reduce the trade deficit with Canada and Mexico.
- Increase market access for U.S. businesses doing business in Canada and Mexico.
- Establish rules that reduce or eliminate barriers to U.S. investment in all sectors in Canada and Mexico.
- Strengthen the rules of origin to ensure that the benefits of NAFTA go to products genuinely made in the U.S., Canada or Mexico.
- Ensure that customs duties are not imposed on digital products to facilitate cross-border data flows.
- Require strict labor and environmental standards to ensure free and fair trade.

- Eliminate the Chapter 19 dispute settlement mechanism that allows Canada and Mexico to appeal duties imposed by the U.S.
- Scrap the global safeguard exclusion that limits the ability of the U.S. to impose import restrictions on Canada and Mexico.

With significant changes to NAFTA looming, it is critical for companies with U.S., Mexican and Canadian international business interests to stay informed. We will continue to closely monitor the Trump Administration's progress on the renegotiation of NAFTA and provide timely updates.

For more information regarding NAFTA or other free trade agreements, please contact Jan de Beer, Katherine Berkley or Chanhee Han in Frost Brown Todd's International Trade Compliance Service Team.