

NAFTA Round 6: A Clear Path Forward for Negotiations

A lot has happened since the last round of negotiations. As Round 6 negotiations begin in Montreal, here are a few things we think you should keep in mind.

President Trump knows a deal on NAFTA is important because Republicans and constituents are making that clear to the White House.

- Despite talk of “trade wars” and the threat of withdrawal, President Trump is clearly open to a deal on NAFTA.
 - Axios: “Trump Softens on NAFTA”
 - Trump in WSJ interview: “Now, do I want to [terminate NAFTA]? No, I’d rather leave it... No, but, you know, I’m leaving it a little flexible because they have an election coming up. So I understand a lot of things are hard to negotiate prior to an election... I would rather be able to negotiate. We’ve made a lot of headway. We’re moving along nicely.”
 - Politico: “[Trump is] very pleased with where things are [with NAFTA],” Secretary Steven Mnuchin said. “Ambassador Lighthizer is doing an amazing job renegotiating NAFTA, and we expect that we’ll either renegotiate it or we’ll pull out.”
- A deal on NAFTA also helps with two problems Trump is focused on: preserving stock market gains and the benefits of tax reform, and – according to Karl Rove – staving off losses in the 2018 midterm elections.
 - Karl Rove: “Killing Nafta would damage Republicans in agricultural, auto and border states and help elect more Democrats in 2018, strengthening the party’s impeachment efforts. Mr. President, it isn’t worth it.”
- Republican governors and senators, plus local businesses and farmers in deep red states, are reminding Trump every day how important NAFTA is to them.
 - In October, more than **300 state and local chambers of commerce** signed onto a letter to President Trump requesting he modernize – but do no harm – to the agreement. Additionally, a bipartisan group of 8 U.S. governors signed a letter supporting protection and enhancement of the trade relationship with Canada and Mexico under NAFTA.
 - In December, **four Republican governors** discussed the benefits of NAFTA with Vice President Pence in Washington, D.C., and more than 80 agriculture-related trade associations and companies signed a letter to Commerce Secretary Wilbur Ross to highlight the harm of a potential NAFTA withdrawal to American food and agriculture, as well as the broader U.S. economy.
 - In November, a **bipartisan group of 18 senators** drafted a letter to Commerce Secretary Wilbur Ross in support of NAFTA and the benefits the agreement brings to agricultural states.

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There is a clear path forward toward a deal.

Despite the rhetoric, we are seeing in the headlines and hearing from negotiators that each side is moving closer to a deal. There is a **clear path forward for progress.**

- The U.S. is signaling that it wants to see counteroffers from Mexican and Canadian negotiators – and they will.
 - WSJ: “Delegations from Canada and Mexico will present an array of responses to some of the Trump administration’s most hard-line demands for changing the trade pact, in what many observers believe could be a make-or-break round of talks. Negotiators’ initial focus will be on Washington’s demands for increased U.S.-made content for cars made in North America.”
- Mexican Secretary of the Economy Ildefonso Guajardo “signaled common ground” on a contentious U.S. proposal on regional content rules for cars (with support coming later from the leader of one of Mexico’s top business lobbies).
- Mexico reportedly will propose a new review mechanism as a response to a U.S. “sunset clause” proposal.
- Canada is bringing new proposals related to auto content to the next round of negotiations. “We’ve said that we have some constructive ideas on how to make a difference in terms of moving forward the Nafta discussions,” said Canadian Finance Minister Bill Morneau.
- Negotiators are close to a deal. Previously, Secretary Guajardo said that negotiators are close to completing work on 10 of the 30 NAFTA chapters, including energy and telecommunications. Last week, Mexico’s ambassador to the U.S. Geronimo Gutierrez said, “We have consensus on around 40 percent of the issues already.”

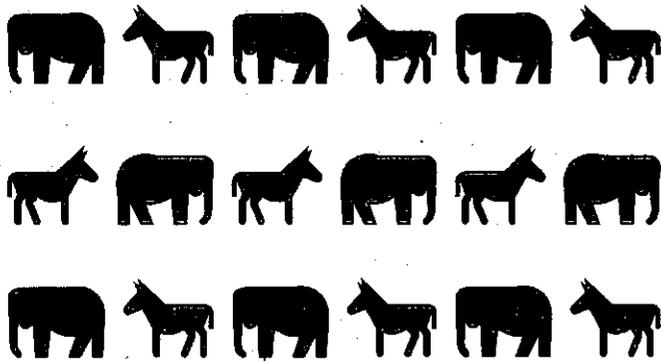
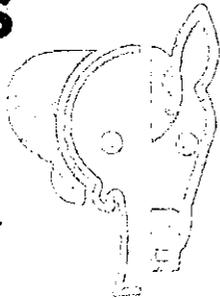
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A CHORUS OF SUPPORT FOR NAFTA HEADING INTO ROUND SIX

IN NOVEMBER,

A BIPARTISAN GROUP OF
18 SENATORS
DRAFTED A LETTER TO
COMMERCE SECRETARY
WILBUR ROSS
IN SUPPORT OF NAFTA
AND ITS BENEFITS TO KEY
AGRICULTURAL STATES.¹



IN DECEMBER,

FOUR REPUBLICAN
GOVERNORS DISCUSSED
THE BENEFITS OF NAFTA
WITH VICE PRESIDENT PENCE
IN WASHINGTON, D.C.²

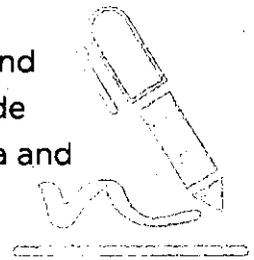


8

GOVERNORS
FOUR REPUBLICANS AND FOUR DEMOCRATS



signed onto a letter
supporting protection and
enhancement of the trade
relationship with Canada and
Mexico under NAFTA.³



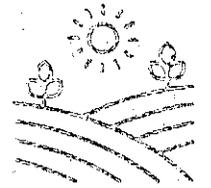
300+

IN OCTOBER,

more than 300 state and local chambers of
commerce signed onto a letter to President
Trump requesting he **modernize NAFTA**
while doing no harm to the agreement.⁵

80+

Agriculture-related associations, companies, and
trade association groups signed a December
letter to Commerce Secretary Wilbur Ross to
highlight the **harm of a potential NAFTA**
withdrawal to American food and agriculture,
as well as the U.S. economy.⁴



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1 https://www.boozman.senate.gov/public/index.cfm/files/serve?File_id=BC9E95DB-9856-4EC4-A02D-FC22C1ACCOB8

2 <https://www.reuters.com/article/us-trade-nafta-governors/republican-governors-meet-with-pence-over-nafta-concerns-idUSKBN1E83DB>

3 <https://wtcutah.com/8-u-s-governors-including-gov-herbert-sign-letter-in-support-of-nafta-modernization/>

4 <https://www.usnews.com/news/economy/articles/2017-12-11/nafta-collapse-a-threat-to-national-security-future-trade-deals>

5 <https://www.uschamber.com/press-release/chambers-commerce-all-50-states-urge-trump-administration-modernize-nafta-do-no-harm>