

Intelligence MEMOS



From: Christopher Sands
To: Concerned Canadians
Date: July 18, 2017
Re: **THE US NAFTA AGENDA**

Late yesterday, the US Trade Representative, in keeping with the requirements of the [Bipartisan Congressional Trade Priorities and Accountability Act of 2015](#) (TPA-2015) published 16 pages summarizing the United States' [objectives for the renegotiation of NAFTA](#).

A preliminary analysis by [U.S. trade lawyer Daniel J. Ujcz](#) noted that it contains 22 sections and 170 specific items, but was initially met with by tepid applause from Republican members of the House Ways and Means Committee and the Senate Finance Committee – the two principal oversight committees for USTR – and by criticism from committee Democrats for a lack of specificity.

One reason for this congressional response is the discrepancies between the USTR document and the detailed listing of congressional priorities in Section 2 of TPA-2015. The latter contained 34 pages of goals in three categories: overall objectives (broad principles such as the elimination of barriers to trade), principal objectives (specific items in topical categories), and other priorities. USTR NAFTA makes specific reference to three (arguably four) of the 12 overall objectives in Section 2 of TPA-2015, and just 14 of its 20 principal objectives.

Some differences between the congressional priorities and the USTR objectives are to be expected, as the list of congressional priorities was designed with the Trans Pacific Partnership and Transatlantic Trade and Investment Partnership negotiations in mind. Conversely, USTR NAFTA includes objectives for energy, rules of origin, and competition policy that are clearly important for North American trade but were not mentioned specifically in TPA-2015.

Yet as the congressional reaction indicates, there is little unanimity as the United States is just 30 days away from launching the renegotiation of its most important trade agreement, covering trade and investment with its two largest trade partners.

But the USTR objectives do reveal more than the U.S. agenda for the talks.

First, while USTR and the Trump administration have shown fidelity to the deadlines and requirements of TPA-2015, [as I noted last week](#), it is now clear that the Trump trade team is willing to pursue the bolder goals that the president campaigned on in 2016. The administration is betting that this independence will not jeopardize an up or down vote on an eventual renegotiated NAFTA, but the 116th Congress that meets after the US midterm elections will likely be the one to make the final determination on this question, so the administration's gamble could backfire.

Second, both TPA-2015 and USTR NAFTA objectives confirm that the US establishment is less than confident that trade liberalization, even within North America, has public support

A bipartisan consensus emerged in favour of a change in both the process and content of U.S. trade policy. The Trump administration has accepted the process changes, but wants a bolder shift on content than Congress did just two years ago, reflecting what it thinks was the will of the electorate in 2016. Who is reading the voters correctly? We may get an indication in the US 2018 midterms, and possibly in the 2020 election as well, before NAFTA 2.0 is submitted for ratification.

US voters remain the key to the future of NAFTA 1.0 and 2.0 but it isn't clear that anyone knows what they want to see in a final agreement. They may not know themselves.

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