

NAFTA Renegotiation

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NAFTA – North American Free Trade Agreement

- First step was the Free Trade Agreement with Canada in 1989.
- 1991 – Bilateral talks initiated with Mexico, which Canada later joined
- January 1, 1994 – NAFTA entered into force. Fully implemented 2008.

U.S.-Mexico Trade Facts

- U.S. goods and services trade with Mexico totaled an estimated \$579.7 billion in 2016. Exports were \$262.0 billion; imports were \$317.6 billion. The U.S. goods and services **trade deficit with Mexico was \$55.6 billion in 2016.**
- Mexico is currently our 3rd largest goods trading partner with \$525.1 billion in total (two way) goods trade during 2016. Goods exports totaled \$231.0 billion; goods imports totaled \$294.2 billion. The **U.S. goods trade deficit with Mexico was \$63.2 billion in 2016.**
- Trade in services with Mexico (exports and imports) totaled an estimated \$54.5 billion in 2016. Services exports were \$31.1 billion; services imports were \$23.5 billion. The **U.S. services trade surplus with Mexico was \$7.6 billion in 2016.**
- According to the Department of Commerce, **U.S. exports of Goods and Services to Mexico supported an estimated 1.2 million jobs in 2015** (latest data available) (968 thousand supported by goods exports and 201 thousand supported by services exports).
- Source: <https://ustr.gov/countries-regions/americas/mexico>

U.S. Exports to Mexico

- Mexico was the **United States' 2nd largest goods export market in 2016**.
- U.S. goods exports to Mexico in 2016 were \$231.0 billion, down 2.0% (\$4.8 billion) from 2015 but up 72.7% from 2006. **U.S. exports to Mexico are up 455% from 1993 (pre-NAFTA)**. U.S. exports to Mexico account for **15.9% of overall U.S. exports in 2015**.
- **The top export categories** (2-digit HS) in 2016 were: machinery (\$42 billion), electrical machinery (\$41 billion), vehicles (\$21 billion), mineral fuels (\$20 billion), and plastics (\$16 billion).
- **U.S. total exports of agricultural products to Mexico totaled \$18 billion in 2016**, our 3rd largest agricultural export market. Leading domestic export categories include: **corn (\$2.6 billion), soybeans (\$1.5 billion), pork & pork products (\$1.4 billion), dairy products (\$1.2 billion), and beef & beef products (\$975 million)**.
- **U.S. exports of services to Mexico were an estimated \$31.1 billion in 2016**, 1.4% (\$441 million) less than 2015, but 30.5% greater than 2006 levels. It was up roughly 199% from 1993 (pre-NAFTA). Leading services exports from the U.S. to Mexico, in 2015, were in the **travel, transport, and intellectual property** (computer software, industrial processes) sectors.
- Source: <https://ustr.gov/countries-regions/americas/mexico>

U.S. Imports from Mexico

- Mexico was the United States' 2nd largest supplier of goods imports in 2016.
- U.S. goods imports from Mexico totaled \$294.2 billion in 2016, down 0.8% (\$2.3 billion) from 2015, but up 48.4% from 2006. **U.S. imports from Mexico are up 637% from 1993 (pre-NAFTA)**. U.S. imports from Mexico account for 13.4% of overall U.S. imports in 2015.
- The **top import categories** (2-digit HS) in 2016 were: vehicles (\$75 billion), electrical machinery (\$62 billion), machinery (\$51 billion), optical and medical instruments (\$13 billion), and furniture and bedding (\$11 billion).
- **U.S. total imports of agricultural products from Mexico totaled \$23 billion in 2016**, our 1st largest supplier of agricultural imports. **Leading categories include: fresh vegetables (\$5.6 billion), other fresh fruit (\$4.9 billion), wine and beer (\$3.1 billion), snack foods (\$2.0 billion), and processed fruit & vegetables (\$1.5 billion).**
- **U.S. imports of services from Mexico were an estimated \$23.5 billion in 2016**, 7.0% (\$1.5 billion) more than 2015, and 57.9% greater than 2006 levels. It was **up roughly 216% from 1993 (pre-NAFTA)**. Leading services imports from Mexico to the U.S., in 2015, were in the travel, transport, and technical and other services sectors.
- Source: <https://ustr.gov/countries-regions/americas/mexico>

U.S. Canada Trade Facts

- U.S. goods and services trade with Canada totaled an estimated \$627.8 billion in 2016. Exports were \$320.1 billion; imports were \$307.6 billion. The **U.S. goods and services trade surplus with Canada was \$12.5 billion in 2016.**
- Canada is currently our 2nd largest goods trading partner with \$544.0 billion in total (two way) goods trade during 2016. **Goods exports totaled \$266.0 billion; goods imports totaled \$278.1 billion.** The **U.S. goods trade deficit with Canada was \$12.1 billion in 2016.**
- Trade in services with Canada (exports and imports) totaled an estimated \$ 83.7 billion in 2016. Services exports were \$54.2 billion; services imports were \$ 26.9 billion. The **U.S. services trade surplus with Canada was \$24.6 billion in 2016.**
- According to the Department of Commerce, **U.S. exports of goods and services to Canada supported an estimated 1.6 million jobs in 2015** (latest data available) (1.2 million supported by goods exports and 36- thousand supported by services exports).
- Source: <https://ustr.gov/countries-regions/americas/canada>

U.S. Exports to Canada

- Canada was the United States' largest goods export market in 2016.
- U.S. goods exports to Canada in 2016 were \$266.0 billion, down 5.2% (\$14.6 billion) from 2015 but up 15.3% from 2006. U.S. exports to Canada are up 165% from 1993 (pre-NAFTA). U.S. exports to Canada account for 18.3% of overall U.S. exports in 2015.
- The top export categories (2-digit HS) in 2016 were: vehicles (\$48 billion), machinery (\$ 40 billion), electrical machinery (\$24 billion), mineral fuels (\$16 billion), and plastics (\$12billion).
- U.S. exports of agricultural products to Canada totaled \$23 billion in 2016, our 1st largest agricultural export market. Leading categories include: prepared food (\$1.9 billion), fresh vegetables (\$1.8 billion), fresh fruit (\$1.6 billion), snack foods nesoi (\$1.3 billion), and non-alcoholic bev. (ex. juices) (\$1.2 billion).
- U.S. exports of services to Canada were an estimated \$54.2 billion in 2016, 4.0% (\$2.3 billion) less than 2015, but 43.1% greater than 2006 levels. It was up roughly 218% from 1993 (pre-NAFTA). Leading services exports from the U.S. to Canada, in 2015, were in the travel, intellectual property (software and audio-visual), and transportation sectors.
- Source: <https://ustr.gov/countries-regions/americas/canada>

U.S. Imports from Canada

- Canada was the United States' 3rd largest supplier of goods imports in 2016.
- **U.S. goods imports from Canada totaled \$278.1 billion in 2016**, down 6.1% (\$18.1 billion) from 2015, and down 8.1% from 2006. **U.S. imports from Canada are up 150% from 1993 (pre-NAFTA)**.
- The **top import categories** (2-digit HS) in 2016 were: **vehicles (\$58 billion)**, mineral fuels (\$54 billion), machinery (\$19 billion), special other (returns) (\$15 billion), and plastics (\$10 billion).
- **U.S. imports of agricultural products from Canada totaled \$22 billion in 2016**, our 2nd largest supplier of agricultural imports. Leading categories include: snack foods (\$4.0 billion), **red meats**, fr/ch/fr (\$2.2 billion), other vegetable oils (\$1.8 billion), **live animals** (\$1.5 billion), and **processed fruit & vegetables (\$1.4 billion)**.
- **U.S. imports of services from Canada were an estimated \$29.6 billion in 2016**, 2.0% (\$585million) more than 2015, and 23.6% greater than 2006 levels. It was **up roughly 225% from 1993 (pre-NAFTA)**. Leading services imports from Canada to the U.S., in 2015, were in the travel, transportation, and telecommunications, computer, and information services sectors.
- Source: <https://ustr.gov/countries-regions/americas/canada>

U.S. Trade Summary

- **Considering full 2017**, the US trade deficit widened 12.1 percent to \$566.0 billion, the highest since 2008. Exports rose 5.5 percent to \$2.33 trillion, while imports climbed 6.7 percent to a record \$2.9 trillion. Both showed the biggest gains since 2011. The trade gap with China increased 8.1 percent to a record of \$375.2 billion and the gap with Mexico rose to \$71.1 billion, the second highest on record. The petroleum gap of \$95.9 billion was the smallest since 2003, as petroleum exports rose to a record high.

Trade and Florida

Exports from Florida and Jobs

- Florida was the 7th largest state exporter of goods in 2016.
- In 2016, Florida goods exports were \$52.0 billion, an increase of 35 percent (\$13 billion) from its export level in 2006.
- Goods exports accounted for 6.1 percent of Florida GDP in 2015 (latest year available).
- An estimated 244 thousand jobs were supported by Florida goods exports in 2015 (latest year available). Nationally, jobs supported by goods exports pay up to an estimated 18 percent above the national average.

Agriculture in Florida depends on Exports

- Florida is the country's 15th largest agricultural exporting state, shipping \$3.5 billion in domestic agricultural exports abroad in 2015 (latest data available according to the U.S. Dept. of Agriculture).¹
- Florida exports of agricultural products supported roughly an estimated 27 thousand jobs in 2013 (latest data available), both on and off the farm.
- Top Agricultural exports were:
 - other plant products
 - 2015 Value: \$1.7 billion
 - 2015 State Rank: 2
 - fruits, fresh
 - 2015 Value: \$412 million
 - 2015 State Rank: 3
 - fruits, processed
 - 2015 Value: \$402 million
 - 2015 State Rank: 3
 - vegetables, processed
 - 2015 Value: \$301 million
 - 2015 State Rank: 3
 - vegetables, fresh
 - 2015 Value: \$158 million
 - 2015 State Rank: 3

NAFTA Renegotiations – A Chance to Reset the Terms?

- **NAFTA Renegotiations – A Centerpiece of President Trump’s Trade Agenda** expressed during his Presidential Campaign.
- **May 15, 2017 - Ambassador Robert Lighthizer sworn in as the U.S. Trade Representative.** Prior to becoming USTR he was a trade lawyer working in the beltway. His work there on behalf of American workers and businesses in the heavy manufacturing, agricultural, high-tech, and financial services industries opened markets to U.S. exports and defended U.S. industries from unfair trade practices. He was lead counsel for scores of trade enforcement cases and was a well-known advocate for the type of “America First” trade policies supported by President Trump.
- **May 18, 2017 – Ambassador Lighthizer informed Congress of the intent to renegotiate the terms in NAFTA**
- **June 27-29, 2017 – Over 140 witnesses from agriculture to manufacturing and digital trade, provided testimony to the USTR.**
- **August 16, 2017 – Negotiations began with Canada and Mexico to reset the terms of trade of trade between the 3 countries within NAFTA.**

NAFTA Renegotiations – Goals

- July 17, 2017 – Office of the USTR published the original objectives of the Renegotiations. The Overall objectives were to:
 - Improve the U.S. trade balance and reduce the trade deficit with the NAFTA countries.
 - Increase transparency in import and export licensing procedures
 - Discipline import and export monopolies to prevent trade distortions.
- August 16, 2017 – Negotiations began in earnest. First round held in Washington, D.C.

Current Status of NAFTA Renegotiations

- Six Rounds of Negotiations have been completed,
 - 1) Washington, D.C. August 16-20, 2017.
 - 2) Mexico City, MX. September 1-5, 2017
 - 3) Ottawa, CD. September 23-27, 2017 – SME Chapter completed
 - 4) Arlington, VA. October 11–17, 2017 – Competition Chapter completed. Rules of origin complicated progress and Canada’s MFN position represented a ‘poison pill’ for the U.S.
 - 5) Mexico City, MX. November 17-21, 2017
 - 6) Montreal, CD. January 23 – 29, 2018 – Corruption Chapter completed
- Round 7 scheduled February 25 - March 6, 2018 in Mexico City, MX.
- They hope to conclude negotiations by the end of March to avoid a clash with Mexico’s elections.



USTR Lighthizer Statement on the Conclusion of the 5th Round of NAFTA Renegotiations, 11/21/17

Thus far, we have seen no evidence that Canada or Mexico are willing to seriously engage on provisions that will lead to a rebalanced agreement. Absent rebalancing, we will not reach a satisfactory result.

“A rebalanced, updated NAFTA will promote greater prosperity for American workers, farmers, ranchers and businesses and strengthen the North American region as a whole. Our teams will be meeting again next month in Washington. I hope our partners will come to the table in a serious way so we can see meaningful progress before the end of the year.”

Perspectives on Renegotiation - Mexico

- Fresh Produce hangs out by itself in the Agricultural sector and NAFTA impacts?
 - Mexico is our 3rd largest agricultural export market. Leading domestic export categories include: corn (\$2.6 billion), soybeans (\$1.5 billion), pork & pork products (\$1.4 billion), dairy products (\$1.2 billion), and beef & beef products (\$975 million).
 - Mexico our 1st largest supplier of agricultural imports. **Leading categories include:** fresh vegetables (\$5.6 billion), other fresh fruit (\$4.9 billion), wine and beer (\$3.1 billion), snack foods (\$2.0 billion), and processed fruit & vegetables (\$1.5 billion).

Perspectives on Renegotiation - Canada

- Fresh Produce hangs out by itself in the Agricultural sector and NAFTA impacts
 - Canada is our 1st largest agricultural export market. Leading categories include: prepared food (\$1.9 billion), fresh vegetables (\$1.8 billion), fresh fruit (\$1.6 billion), snack foods nesoi (\$1.3 billion), and non-alcoholic bev. (ex. juices) (\$1.2 billion).
 - Canada is our 2nd largest supplier of agricultural imports. Leading categories include: snack foods (\$4.0 billion), red meats, fr/ch/fr (\$2.2 billion), other vegetable oils (\$1.8 billion), live animals (\$1.5 billion), and processed fruit & vegetables (\$1.4 billion).

Critical Issues Surrounding Renegotiation

- Grain markets and 2018 (?) Farm Bill could weigh heavy on potential budget requirements and support to agriculture. Renegotiated NAFTA threatens to make this worse. Pressure to resolve our national debt burden could complicate U.S. resolve.
- Manufacturing is where the greater concerns are for the Trump Administration in trade, particularly with vehicles. The rules of origin conflict with Canada and their challenge to our trade remedy laws threaten to derail the negotiations.
- Congress has yet to give the Trump Administration Trade Promotion Authority (TPA).

Trade Remedies and Perishable, Seasonal and Cyclical Agricultural Products

- A chance to revise trade remedy regulations? *“within the trade remedy portion of the negotiations, the U.S. can seek clarification that amongst NAFTA countries for cases against imports from each other, the domestic industry can be limited to producers of a product in an identified season ... Injury analysis can be mandated to be limited to the producers of the seasonal or cyclical product.”* Terence Stewart. “The NAFTA Renegotiation is the Logical First Place to Address the Needs of Perishable, Seasonal, and Cyclical Agricultural Products.” August 23, 2017. Available at <http://www.stewartlaw.com/Article/ViewArticle/1110>

Negotiations Confidentiality Agreement

- The United States, Canada and Mexico have agreed that the information exchanged in the context of the NAFTA negotiations, such as the negotiating text, proposals of each Government, accompanying explanatory material, and emails related to the substance of the negotiations, must remain confidential. Pursuant to this agreement, USTR has classified the materials. This means that they are not available under the [Freedom of Information Act](#) .

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