

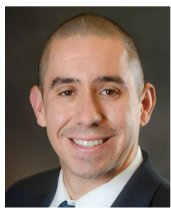
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# NAFTA Watch

## Updates from Benesch on the North American Free Trade Agreement

### NAFTA WATCH VOL. 3

#### One Hundred Days and a Decision (For Now)



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This publication is our third installment in a series designed to provide our clients in the manufacturing, transportation and logistics, and related industries with monthly updates on any action taken by the Trump Administration, Congress, and/or federal governmental agencies with respect to the North American Free Trade Agreement (“NAFTA”).

President Trump celebrated his 100th day in office on April 29, 2017. While he did not fulfill his campaign promise of renegotiating or withdrawing from NAFTA by that date, in the week leading up to his 100th day in office, President Trump’s position on NAFTA was, for lack of a better word, unsettled.

As of early last week, all press reports appeared in agreement that President Trump would initiate the United States’ withdrawal

from NAFTA. As we reported in our first installment, that decision would not result in an immediate sea-change given the requirement that the Administration provide 90-days’ notice to Congress of such intent. Nonetheless, such an announcement would have caused a significant reaction in the manufacturing, transportation and logistics, and related industries.

But just days later, as is often the case in politics, the NAFTA pendulum swung in the opposite direction—from withdrawal to renegotiation. According to reports, on April 26, both Mexican President Enrique Pena Nieto and Canadian Prime Minister Justin Trudeau called President Trump to apparently request that he renegotiate the 23-year-old trade pact. President Trump, acknowledging that a swift withdrawal from NAFTA “would be a pretty big shock to the system,” purportedly has agreed to hold off on a decision to withdraw pending discussions with the leaders of Mexico and Canada. However, in a nod towards his campaign promise, President Trump still vowed to pull out of NAFTA if the discussions do not result in better terms for the United States and its workers.

The exact motivations for President Trump’s reversal are unclear. Some speculate that it resulted from internal factions in his Administration. Others suggest that he recognized a NAFTA withdrawal would face opposition in Congress, which may cause trouble for taking on other trade deals down the road. And some simply believe that when the President realized he could not renegotiate or withdraw from NAFTA in his first 100 days, that he softened his tone and decided to pursue a compromised resolution. Whatever the reason, the coming months will indicate whether the negotiations with Mexico and Canada are fruitful or whether we will see another about-face in favor of withdrawal.

While still too early to predict the effect that the renegotiation or withdrawal from NAFTA will have on the United States, Benesch will continue to monitor the ever-changing developments, and provide monthly updates to our clients in the manufacturing, transportation and logistics, and related industries of any developments.

*(continued)*

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