

NAFTA Watch Newsletter Vol. 13 - NAFTA Renegotiation

Part 7: Speculation Abound

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This publication is our thirteenth 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”).

The seventh round of negotiations among U.S., Mexican, and Canadian officials is currently underway in Mexico City. An eighth round is now contemplated for late March or early April in Washington, D.C.

While the current negotiations are still ongoing and, thus, there is little in the way of updates at this time, the abrupt return to Washington of the U.S.’s lead negotiator on one of the most contentious issues in debate—the automobile rules-of-origin policies—has left many speculating. Jason Bernstein, the U.S. negotiator overseeing the automobile rules-of-origin policies, unexpectedly departed Mexico City in the middle of the current round of negotiations to reportedly meet with industry consultants.

Regular readers of this newsletter will recall that, in our last installment, we noted that there were positive discussions regarding automobile rules-of-origin policies during the sixth round of negotiations in Montreal. Although no resolution was ultimately reached, those positive discussions coupled with Bernstein’s sudden return to Washington to meet with industry consultants, have left some pondering whether a deal on rules-of-origin policies is in the works. If so, one of the most provocative and decisive issues since NAFTA negotiations began over a year ago could be set aside to work on finalizing a new agreement. Nevertheless, we, too, are speculating, so it is best to wait and see how the Mexico City negotiations conclude as well as developments that may occur during informal sessions leading up to the next round of negotiations in Washington, D.C.

What is not speculation, however, are the quickly approaching Mexican and U.S. elections. The Mexican election, which will occur on July 1, includes a race for presidency, as well as the election of 500 members of the Chamber of Deputies and 128 members of the Senate. With the potential for such a dramatic political shift, representatives from all three countries are motivated to act quickly. Moreover, with the U.S. elections in November, if a deal is not done by summer, negotiations will likely extend late into 2018.

Although U.S. Trade Representative Robert Lighthizer is hopeful that major breakthroughs will soon occur, current progress has been unarguably slow. All would likely agree, however, that slow progress is better than no progress at all.

Benesch will continue to monitor negotiations to provide monthly updates to our clients in the manufacturing, transportation and logistics, and related industries of any developments.

For more information on this topic, contact a member of Benesch's Transportation & Logistics Practice Group.

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