

# U.S., Canada, and Mexico Sign New NAFTA

November 30, 2018

This morning, on the sidelines of the G-20 summit in Argentina, the United States, Canada, and Mexico signed the U.S.-Mexico-Canada Agreement (USMCA). The new trade deal is slated to replace the 24-year old North American Free Trade Agreement (NAFTA). Today's signature date was a critical deadline for the parties because it is Mexican President Enrique Peña Nieto's last day in office before his successor, Andrés Manuel López Obrador, takes office tomorrow.

The three parties have spent the last 15 months negotiating the final text of the USMCA, with a deal reached first between the U.S. and Mexico at the end of August, and Canada signing onto the agreement with additional tweaks a month later. We have covered the USMCA in previous blog posts ([here](#), [here](#), [here](#), [here](#), and [here](#)).

Each country's legislature must now approve the agreement for it to take effect. In the United States, the USMCA was negotiated under Trade Promotion Authority, or "fast track" legislation, meaning that the agreement is subject to an up-or-down vote and Congress cannot modify or amend the agreement itself. Instead, the hurdles involve the implementing legislation that will be required to give effect to the deal under U.S. law. The Administration has 60 days to submit to Congress a list of changes to U.S. law that will be required to implement the USMCA, and then must prepare a draft implementing bill and "statement of administrative action" at least 30 days before the bill is actually introduced in the House and Senate. The House must vote first before the bill moves to the Senate for consideration and a vote.

Given this timetable, the USMCA and its implementing legislation will almost certainly be considered next year in a Democratic-controlled House. Many Democrats have already expressed concerns about labor and environmental provisions in the USMCA and their enforceability, even though the Office of the U.S. Trade Representative has stated that the USMCA comports with the standards of the May 10<sup>th</sup> Agreement – a 2007 set of terms on labor, the environment, investment, government procurement, and access to medicines, authored by House Democrats, that appear in the United States' trade deals with Peru, Panama, Colombia, and Korea. House Republicans are also critical of certain aspects of the agreement, including provisions addressing non-discrimination on the basis of sexual orientation and gender identity.

In the meantime, other work related to the USMCA is being completed. The U.S. International Trade Commission is preparing its analysis on the deal's potential economic impact, due in about 100 days. The Trump Administration also continues to negotiate with both Canada and Mexico on exemptions from the Section 232 steel and aluminum tariffs imposed earlier this year.