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Revised NAFTA Awaits Congressional Action

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Even with Congress out of session for over a month, the U.S.-Mexico-Canada Agreement talks remain ongoing. As a reminder, on November 30, 2018, President Trump, along with Canadian Prime Minister Justin Trudeau and outgoing Mexican President Enrique Peña Nieto, signed a revised trade agreement to replace the North American Free Trade Agreement (NAFTA) after more than a year of negotiations. Now each country's legislative bodies must approve the revised agreement, known as the United States-Mexico-Canada Agreement (USMCA) before it can take effect.

U.S. Trade Representative Robert Lighthizer submitted a draft "Statement of Administrative Action" on May 30 to legislative leaders, which initiated an early procedural move, but did not require action to be taken within a certain amount of time. Once the U.S. Trade Representative (USTR) sends the official bill implementing the USMCA, it must be passed by both chambers within 90 session days. Because the implementing bill is considered a revenue bill, the House must pass it first. House Speaker Nancy Pelosi has assigned nine Democrats to a USMCA working group in the hopes of a final proposal supported by both sides of the aisle. According to Politico, the USTR and Democrat staff are making meaningful progress on USMCA discussions.

There are still several key factors that are hampering negotiations. Not only are the Democratic lawmakers concerned over labor, environment and enforcement issues, but several congressmen who represent Southeastern districts have expressed the necessity for infrastructure improvements along the U.S.-Mexican border. Due to this issue, Representative Filemon Vela (D-TX) has stated that if the USMCA is brought to the floor for a vote, it will not be until November or December. Additionally, Canada's Ambassador to the U.S., David MacNaughton, who is finishing a four-year stint and has been instrumental throughout the USMCA negotiations, will return to Canada by the end of the summer. When speaking to reporters in August, MacNaughton seemed optimistic and stated that "you all know that predicting outcomes in this city is not exactly a science, but I am confident that the Democrats, as well as the Republicans, want to get to yes on USMCA."