

# PUBLICATION

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## Revised NAFTA Trade Agreement, Pending Congressional Approval

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**On October 1, 2018, President Trump announced a new trade agreement with Canada and Mexico intended to replace the 25-year old North American Free Trade Agreement (NAFTA). President Trump indicated he intends to officially sign and send the revised three-way agreement to Congress by the end of November, triggering a special legislative process for approval. Once President Trump submits the agreement legislative text to Congress, trade committees in the House and Senate have 45 legislative days to hold public hearings and vote to advance trade pact legislation for floor consideration.**

The Trump Administration may have to address a number of potential issues among lawmakers, interest groups, and business organizations to gain congressional approval for the new trade pact. The Administration claims that the agreement will benefit U.S. dairy farmers and auto-manufacturers. U.S. Trade Representative Robert Lighthizer stated that the deal "encourages United States manufacturing and regional economic growth by requiring that 75 percent of auto content be made in North America." However, the agreement would not lift the Administration's recently imposed steel and aluminum tariffs on Mexico, Canada, and other allies, to which some Republicans have voiced objections. Democrats have raised concerns over the labor and environmental provisions within the trade pact, which may become a greater obstacle to approval if Democrats gain the House or the Senate in the midterm elections. Farm-state lawmakers in both parties are likely to play a major role in shaping the approval process for the revised agreement.

Congress will most likely begin consideration of the agreement during the new legislative session starting in 2019. The legislative bodies in Canada and Mexico must also approve the agreement before it would take effect.