

PUBLICATION

Revised NAFTA Awaits Congressional Approval

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December 20, 2018

On November 30, 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. Each country's respective legislative bodies must approve the revised agreement, known as the U.S.-Mexico-Canada Agreement (USMCA), before it would take effect. The following day, President Trump stated he plans to notify Canada and Mexico of his intention to withdraw from the nearly 25-year-old NAFTA in six months. The move would put pressure on Congress to approve the new trade deal with the two U.S. neighbors.

Given that Democrats will control the House starting in January, the Trump Administration will need Democratic support to get the deal through Congress. Democrats have raised concerns over the labor and environmental provisions within the trade pact and have signaled they would like those concerns addressed as part of the implementing legislation. The revised agreement may also face challenges from House Republicans. Thirty-eight GOP lawmakers have indicated opposition to the inclusion of protections for LGBT workers in the agreement and are calling on the Trump Administration to drop language that would protect workers from "discrimination on the basis of sex, including sexual orientation and gender identity." Lawmakers on both sides of the aisle and industry leaders also remain concerned about the 25 percent steel and 10 percent aluminum tariffs on Canadian and Mexican exports to the U.S.