

Trade Compliance Flash: Trade Policy Update on NAFTA 2.0 – Renegotiation to Begin in August

International Alert

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Today, the Office of the U.S. Trade Representative (USTR) published a [notice on the Federal Register](#) inviting public comment on the upcoming renegotiation of the North American Free Trade Agreement (NAFTA) and scheduling a hearing on June 27, 2017.

The notice comes one week after [USTR formally notified Congress](#) of the president's intent to renegotiate NAFTA, kicking off a 90-day congressional consultation period and setting the stage for negotiations between the United States, Canada, and Mexico on how to modernize the 23-year-old agreement.

USTR is requesting input on general and product-specific negotiating objectives that should be addressed in the context of modernizing NAFTA. In particular, USTR invites comments on the following topics:

- Economic costs and benefits to U.S. producers and consumers of removing any remaining tariffs and non-tariff barriers on articles traded with Canada and Mexico
- Treatment of specific goods (identified by U.S. Harmonized Tariff Schedule numbers)
- Customs and trade facilitation issues (*e.g.*, preventing and addressing anti-dumping and countervailing duty (AD/CVD) evasion and transshipment)
- Modifications to the rules of origin and origin procedures for NAFTA-qualifying goods
- Unwarranted sanitary and phytosanitary measures (SPS) and technical barriers to trade currently imposed by Canada and Mexico (*e.g.*, permit and licensing barriers and restrictive administration of tariff-rate quotas)
- Barriers to trade in services
- Digital trade issues (*e.g.*, customs duties on digital products and restrictions to cross-border data flows)
- Intellectual property rights (IPR) issues (*e.g.*, strengthening IPR enforcement at the border)
- Investment issues
- Competition-related matters
- Government procurement (*e.g.*, expanding market access opportunities for U.S. goods and services)
- Environment and labor issues
- Barriers to trade for small and medium-sized businesses
- Trade remedy process and dispute settlement issues

Comments are due to USTR on **June 12, 2017**.

The comment process provides an opportunity for companies to participate in the NAFTA renegotiation. We are hearing significant interest around modifying the NAFTA rules of origin (*i.e.*, loosening or tightening the product-specific test which specifies how

much of a product must be made in a NAFTA country), repealing the duty drawback restrictions in NAFTA, and seeking commitments from NAFTA countries to strengthen the enforcement of intellectual property rights at the border. Other potential areas of interest and controversy include eliminating the AD/CVD arbitration process established by Chapter 19 of NAFTA and overhauling the state-to-state dispute settlement mechanism.

If your company is interested in submitting comments, or for more information on how the renegotiation of NAFTA may impact your business, please contact:

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