

Mexican Government Announces Key Positions for Upcoming Renegotiation of NAFTA

August 3, 2017 Alberto de la Peña

PRACTICES Mexico, Canada, Mexico Energy Reform, International

On July 31, the Mexican Ministry of Commerce submitted to the Senate the Priorities of Mexico in the Negotiations for the *Modernization of the North American Free Trade Agreement (NAFTA)* (the “Position Paper”). The Position Paper emphasizes the acknowledgment that the depth and complexity of the commercial links and cross-border investments between the United States, Mexico, and Canada are crucial for the efficiency of American and Canadian supply and value chains, as a fundamental premise for the upcoming renegotiation of NAFTA. It also highlights such negotiations as an opportunity for the modernization of the 23-year-old trilateral agreement. From a domestic standpoint, the Position Paper highlights the beneficial impact NAFTA has had on the competitiveness of the Mexican manufacturing industry and agroindustry, the improved quality of life of Mexicans, and the modernization of NAFTA as an engine for economic growth and development.

The Position Paper identifies four fundamental principles for the strengthening of Mexico’s position and role in the global economy, as set out below. These principles and the concrete measures related to each of them are meant to guide Mexico’s position at the upcoming negotiations.

1. Strengthening North America’s Competitiveness

To achieve this, the Ministry of Commerce identifies the following measures in the Position Paper:

- Keeping preferential access to the United States and Canada for Mexican goods and services, and expediting customs procedures and inspections.
- Reducing unjustified regulatory burdens.
- Pushing for non-discriminatory treatment of Mexican investors.
- Increasing the categories for admission of businesspeople, easing paperwork, and decreasing wait times for such individuals.
- Jointly establishing regional cooperation mechanisms to create and promote programs for labor competitiveness and new educational models.

2. Advancing Towards Inclusive and Socially-Responsible Cross-Border Trade

The Position Paper identifies the following measures to achieve this goal:

- Creating mechanisms to stimulate the participation of small and medium businesses in regional supply chains.
- Establishing joint anti-corruption measures.
- The inclusion of international labor standards in a revised NAFTA.

3. Taking Advantage of Opportunities Offered by the 21st Century Economy

In light of the technological advances of the past decade and the recent structural reforms of the Mexican economy, the Position Paper identifies the following measures to achieve this goal:

- Reflecting the economic potential and opportunities derived from the Mexican energy reform of 2013-2014.
- Stimulating the development of the digital economy, e-commerce, and the provision of financial services through digital platforms.
- Facilitating access to U.S. and Canadian markets for Mexican financial institutions.
- Promoting a greater integration of the telecommunications markets of the three countries.

4. Promoting Certainty for Trade and Investment in North America

Because NAFTA is a factor for stability and certainty in the economic integration of North America and the dispute-resolution mechanisms in NAFTA are essential for this purpose, the Position Paper calls for the following measures:

- Modernizing the dispute-resolution mechanisms in NAFTA to achieve more efficiency and transparency.
- Incorporating anti-trust provisions into NAFTA.
- Incorporating provisions relating to the exchange of information between authorities of the three countries.
- Providing legal certainty to Mexican suppliers in public procurement procedures in the United States and Canada.

In addition, in a related report to the Senate, the Ministry of Commerce expressly rejects the imposition of any tariffs, quotas, or any trade barriers aimed at restricting Mexican exports to the United States. It also issues a stark warning of potential adverse consequences for the North American economy, and the Mexican economy in particular, in the event the Trump administration decides to terminate NAFTA. For instance, only 35 percent of exports to the U.S. and 36 percent of exports to Canada would be tariff-free and U.S. and Canadian investments could no longer take advantage of the preferential access Mexico has to 46 markets with which it has free trade agreements.

If you have any questions, please contact one of the lawyers listed below.

For additional resources on NAFTA, visit our [NAFTA page](#).