

Pascal in Latin American Advisor on NAFTA Renegotiations

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The Inter-American Dialogue's daily *Latin America Advisor* quoted Haynes Boone Partner [Larry Pascal](#) in a [discussion](#) about the latest NAFTA negotiations.

Q: The fourth round of negotiations for the North American Free Trade Agreement, or NAFTA, ended on Oct. 17 with U.S., Mexican and Canadian negotiators deciding to prolong the talks through next March, abandoning their goal of reaching an agreement by year-end. Will negotiators be able to strike a deal amenable to all three countries? Will Trump administration demands, blasted as “poison pill” proposals by the head of the U.S. Chamber of Commerce, doom the talks? How will next year's U.S. midterm elections and Mexico's presidential election affect the renegotiations? If NAFTA disappears, what would be the consequences for North America's businesses and economies? ...

Larry B. Pascal, partner and chair of the Americas Practice Group at Haynes Boone in Dallas: “The culmination of the fourth round of the NAFTA renegotiation talks and the announcement of the extension of the talks to 2018 highlight several realities. The parties agree that modernizing the agreement is necessary, particularly in areas either not addressed or only lightly touched upon in the current version. Moreover, there appears to be progress in several technical areas. However, the Trump administration has adopted for strong negotiating positions in a variety of areas that jeopardize the success of the talks, particularly with respect to: 1) eliminating bilateral trade imbalances; 2) increasing requirements for regional and country-specific origin (particularly in the automotive sector); 3) expanding national preferences in government procurement; 4) weakening investor-state and trade remedy dispute resolution regimes; and 5) subjecting the agreement itself to mandatory periodic sunset review in the absence of new negotiations.

These demands will be very hard for Canadian and Mexican trade negotiators to accept. Moreover, the upcoming 2018 midterm congressional elections in the United States and presidential and congressional elections in Mexico present additional challenges and may restrict the negotiating room for the trade representatives of these two countries. In particular, leading Mexican presidential candidate Andrés Manuel López Obrador has strongly criticized NAFTA and is expected to run on his own populist platform. If López Obrador is elected, a NAFTA renegotiation would be even less likely to be successfully concluded. A terminated NAFTA would negatively affect the three North American countries by slowing trade between the three countries, which are major trade partners.”

Excerpted from the Inter-American Dialogue's daily *Latin America Advisor*. To read the full article, click [here](#).