

NAFTA Modernization Negotiations: An Update

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MANUFACTURING
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STRONG



Who is the NAM?

- The voice of 12 million men and women who make things in America
- Largest industrial trade association
- 14,000 members

USTR
(Lighthizer)

Commerce
(Ross)

Treasury
(Munchin)

State
(Tillerson)

Trump Administration

Agriculture
(Perdue)

Trade and
Manufacturing
Office
(Navarro)

National
Economic
Council
(Cohn)

Other
White
House
Officials

NAFTA

- 23-year old agreement
- A top priority for the administration to renegotiate or withdraw
- Negotiations moving forward swiftly
 - USTR put out specific objectives on July 17
 - Negotiations began in DC, Aug. 16
 - 3rd round in Ottawa, Sept. 23-27
- Goal: Complete by end of year

NAFTA – 23 Years Later

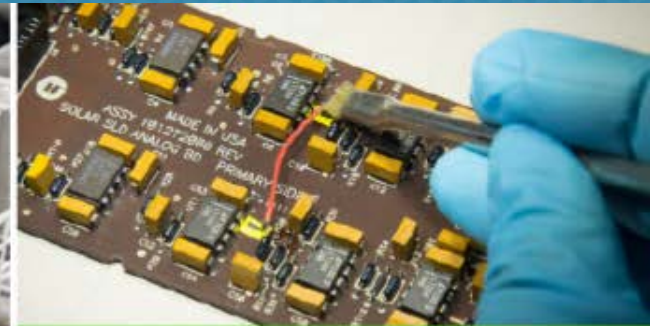
Manufacturers in the United States Depend on Canada and Mexico as Major Customers and Partners



More than 2 million manufacturing workers depend on exports to Canada and Mexico



More than 43,000 manufacturers—94 percent of which are SMEs—export to Canada and Mexico



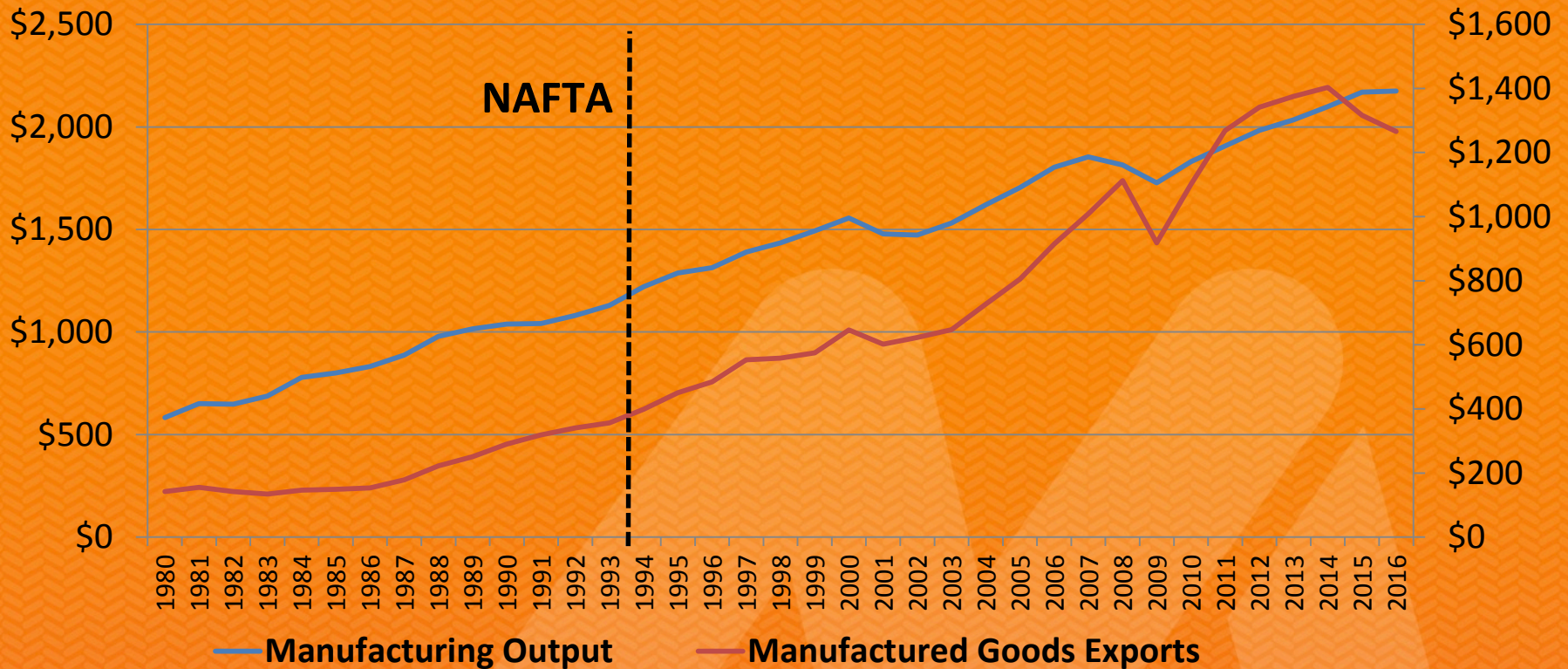
36 of the 42 major U.S. manufacturing sectors count Canada or Mexico as their number-one foreign country purchaser (2012–2016)

U.S. Manufacturing Output and Exports Quadruple

US \$ Bil., 1980-2016

Manufacturing Value-Added

Manufactured Goods Exports



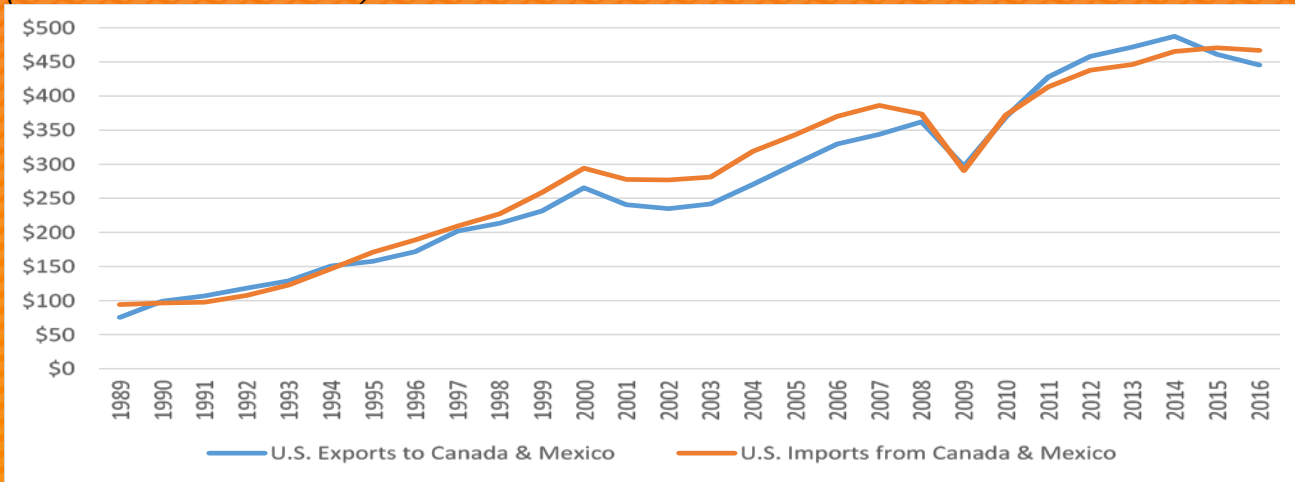
— Manufacturing Output

— Manufactured Goods Exports

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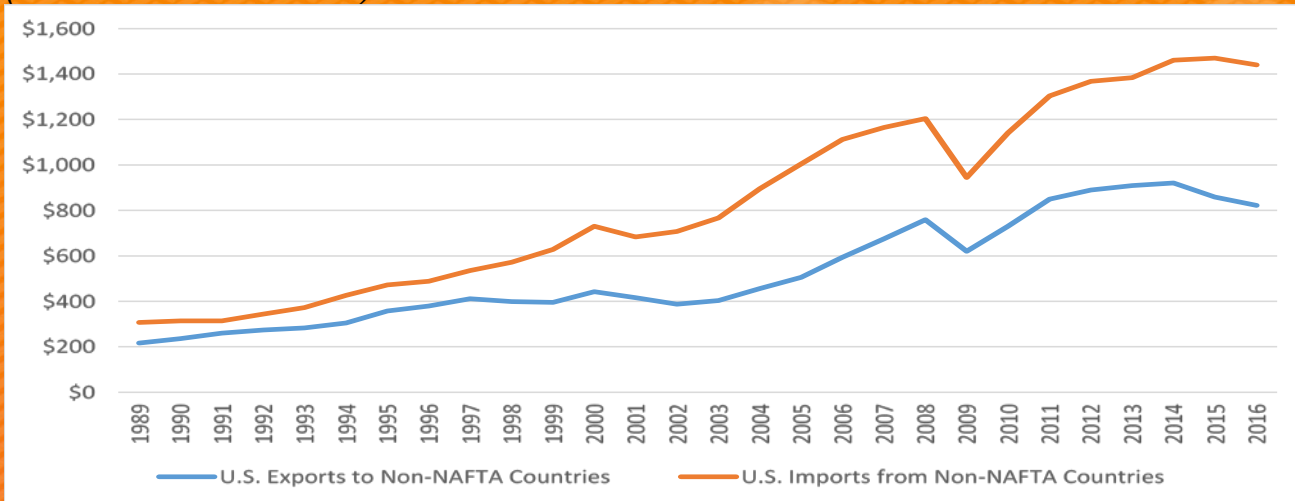
U.S. Manufacturing Trade: NAFTA vs. World

U.S. Manufacturing Trade with Canada and Mexico
(in Billions of U.S. Dollars)



Source: U.S. Commerce Department

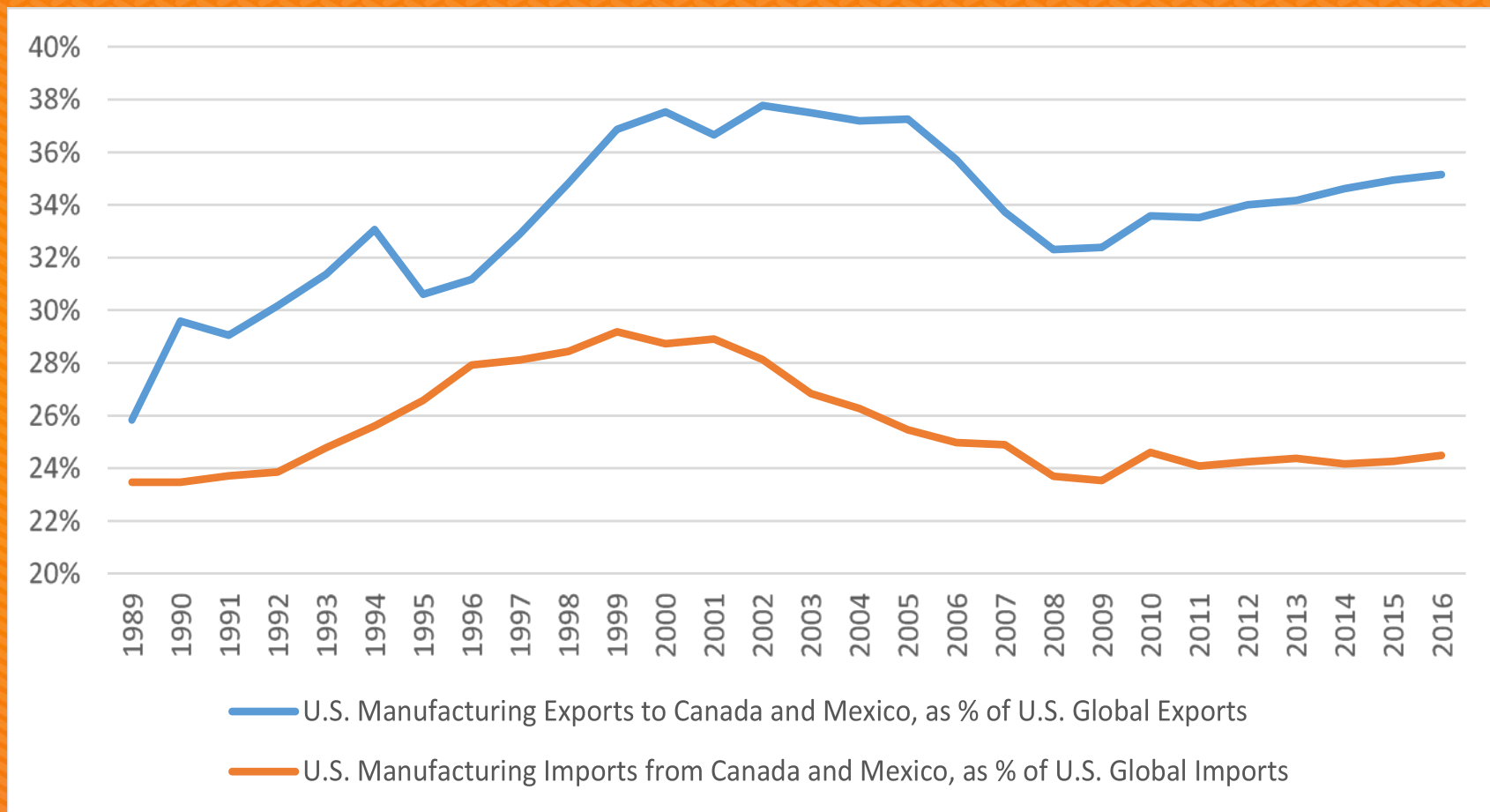
U.S. Manufacturing Trade with Non-NAFTA Countries
(in Billions of U.S. Dollars)



Source: U.S. Commerce Department

U.S. Manufacturing Trade with NAFTA, as % World

U.S. Manufacturing Trade with Canada and Mexico, as a Share of U.S. Manufacturing Trade with the World



Source: NAM analysis of data reported by the U.S. Commerce Department

Presidential Negotiating Authority

Presidential Authority

- NAFTA Art. 2205: withdrawal after six months written notice
- Trade Act of 1974 and NAFTA implementing legislation provide authority to proclaim tariffs

Trade Promotion Authority

- Consult with key committees, after which notify Congress 90 days before initiating negotiations
- Publish detailed negotiating objectives 30 days before initiating negotiations
- Sets out substantive negotiating objectives

NAM NAFTA “Done R-I-G-H-T” Approach

R: The right **rules**

I: The value of **innovation**

G: Changes must produce **growth** in region
and globally

H: **Help** not hurt the 2 million manufacturing
workers who already depend on their jobs

T: Do it in a **timely** fashion

NAFTA: NAM Approach

- Move deliberately to explain value of relationship and key must-haves - **STORIES**
- Identify areas where administration could declare wins without massive disruption
- Enlist Congressional allies
- **Push back on administration strategically**
- **Address opposition approaches effectively**
- Keep an eye on the clock

NAFTA: Next Steps

- Negotiating rounds throughout the fall
- Goal to conclude negotiations by the end of 2017 or early 2018

QUESTIONS?

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