

Trump Hails Revised NAFTA Trade Deal

By Jareli Reynoso Gutierrez, J.D. Candidate 2021 | October 15, 2018

President Trump recently applauded revisions to the North American Free Trade Agreement, considered raising Chinese tariffs, and boasted that actions by his administration have been taking a toll on the Chinese economy.

Originally, NAFTA was meant to gradually reduce tariffs and other trade barriers between the United States, Mexico, and Canada in order [to increase trade and production](#). It effectively acted as a laissez-faire policy between the countries that resulted in the creation of millions of jobs. Opposing groups feared it would undermine local governments and prioritize private interest because it could, and ultimately did, result in the deregulation of public services and displacement of local farmers.

NAFTA's replacement, United States-Mexico-Canada Agreement (USMCA), makes adjustments to the trading relationships between the participating countries. Some changes included new rules for the automobile industry, expanded access to U.S. markets for Canada and Mexico, improved labor and environmental rights, and increased intellectual property protections. [Some criticism](#) to this agreement, however, is that car prices may increase; China may feel pressure to follow suit; and Mexico's manufacturing growth could possibly stall.

President Trump commented on USMCA saying that, "it's a much different deal." Yet, while the deal is an alteration of its predecessor, many of its changes were inspired by a previous deal the President so passionately opposed, the Obama-era Trans-Pacific Partnership (TPP). The similarities are such that a senior Trump advisor, Robert Lighthizer, felt compelled to comment, where he implied that TPP was effectively a foundation for the USMCA.

[The next step to finalize the USMCA deal](#) is for Congress to approve it after all three countries sign it. Nevertheless, due to recent political changes in Mexico and the upcoming U.S. elections, there is no sure way to predict its conclusion.

There are only a few significant changes to this new deal along with some TPP inclusions, which points toward little actual work done to create a brand new deal. Although NAFTA needed revisions, will USMCA actually benefit the US? Or, is it simply a strategy used to fuel a trade war with China?

