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NAFTA Negotiators Express Optimism, But Significant Concerns Remain

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August 07, 2018

Negotiations over the future of the North American Free Trade Agreement (NAFTA), set back by comments from President Trump, the July 1 Mexican election, and the general uneasiness over Trump Administration trade policy, seem to be back on track after U.S. Trade Representative Robert Lighthizer expressed optimism that a deal in principle can be reached by the end of August. On July 26, Lighthizer commented on the future of negotiations on the 24-year-old deal, stating that if Mexican President Enrique Peña Nieto wishes to sign a deal before leaving office on December 1, then the countries must complete this work by August 25. Lighthizer reported to the Senate Appropriations Subcommittee that the trading partners are close to finishing an agreement.

Complicating potential negotiations, President Trump recently floated the idea that the U.S. and Mexico may reach a bilateral deal first. Canada and Mexico oppose that plan and want the deal to remain a three-nation agreement. When asked about the President's idea, Lighthizer was not clear about whether Canada would be in the final mix. Mexican Economy Secretary Ildefonso Guajardo will be back in Washington on August 8 to continue meeting with Lighthizer, and Canadian Foreign Minister Chrystia Freeland is expected to join the talks soon. Freeland visited Mexico recently and she and Guajardo agreed that NAFTA should remain a trilateral pact.