NAFTA Renegotiations and the Pacific Northwest

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International Trade Relationship

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<tbody>
<tr>
<td>Canada</td>
<td>18%</td>
<td>19%</td>
<td>13%</td>
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<tr>
<td>Japan</td>
<td>18%</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>Mexico</td>
<td>6%</td>
<td>11%</td>
<td>13%</td>
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<tr>
<td>China</td>
<td>3%</td>
<td>8%</td>
<td>22%</td>
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## Destination of U.S. Exports (1990-2015)

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2000</th>
<th>2015</th>
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<tbody>
<tr>
<td>Canada</td>
<td>21%</td>
<td>23%</td>
<td>19%</td>
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<tr>
<td>Japan</td>
<td>12%</td>
<td>8%</td>
<td>4%</td>
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<tr>
<td>Mexico</td>
<td>7%</td>
<td>14%</td>
<td>16%</td>
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<tr>
<td>China</td>
<td>1%</td>
<td>2%</td>
<td>8%</td>
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</tbody>
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Source: U.S. International Trade Commission
U.S. Trade Deficits Post-NAFTA

2001: China enters WTO
NAFTA Drives U.S. Trade

27% U.S. total imports come from Mexico and Canada
33% U.S. total exports go to Mexico and Canada

Top 5 U.S. imports from Canada and Mexico:
- Oil & gas
- Motor vehicles
- Motor vehicle parts
- Petroleum & coal products
- Nonferrous metals

Top 5 U.S. exports to Canada and Mexico:
- Motor vehicles parts
- Petroleum & coal products
- Motor vehicles
- Computer equipment
- Basic chemicals

Source: U.S. International Trade Commission Interactive Trade DataWeb
For every $1 spent on imports from...

*Mexico = $0.40 value added by U.S.*

*Canada = $0.25 value added by U.S.*
Agricultural Trade

U.S. agricultural exports =
15.7% to Canada
13.6% to Mexico
Canada

$20.9 billion
Total U.S. Agricultural Exports to Canada, 2015

#1
Rank Among U.S. Agricultural Export Markets, 2015

Growth
Growth of U.S. Ag Exports to Canada, 2006-2015

$20.9 billion
75% Increase
$12.0 billion

Top 5
U.S. Ag Exports to Canada, 2015

1. Prepared Food ($1.9 billion)
2. Fresh Vegetables ($1.9 billion)
3. Fresh Fruits ($1.6 billion)
4. Snack Foods ($1.3 billion)
5. Non-Alcoholic Beverages* ($1.2 billion)

*Excluding juices.

Source: USDA-FAS Global Agricultural Trade System (GATS)
Mexico

$17.9 billion U.S. Agricultural Exports, 2016

Top 5 U.S. Exports
1. Corn ($2.6 billion)
2. Soybeans ($1.5 billion)
3. Pork ($1.3 billion)
4. Dairy Products ($1.2 billion)
5. Prepared Foods ($1.0 billion)

Export Growth 2006-2016
$17.9 billion
$10.9 billion
64% Increase

#3 Among U.S. Agricultural Export Markets, 2016

Twitter: @USDAForeignAg  Website: www.fas.usda.gov
Source: FAS Global Agricultural Trade System (GATS) BICO HS- 6
Comparison of Market Shares for Agricultural Imports by Country in 2016

- **Canadian Market**
  - Canada: 60%
  - Mexico: 10%
  - Rest of World: 30%

- **United States Market**
  - Canada: 20%
  - Mexico: 10%
  - United States: 60%
  - Rest of World: 10%

- **Mexican Market**
  - Canada: 10%
  - Mexico: 50%
  - United States: 20%
  - Rest of World: 20%

Source: GTIS Monthly
Product Group: BICO-HS6
Website: [www.fas.usda.gov](http://www.fas.usda.gov)
Twitter: @USDAForeignAg
Washington State Trade

NAFTA =
$23 billion bilateral trade
12% exports
30% imports
Export Commodities w/over 25% bound for Mexico & Canada

- Fruits
- Mineral fuels
- Machinery
- Aerospace
- Wood products
- Vehicles
- Aluminum
- Dairy products
- Stone products
Ag exports to Mexico & Canada

- 15% of apple crop
- 20% of pear crop
- $589 million of fruits and nuts
- $211 million of live animals, meat, and aquatic invertebrates
Renegotiating/Modernizing the North American Free Trade Agreement
PNWER NAFTA Modernization Taskforce

- Promote cross-border trade facilitation through streamlined and simplified clearance and customs processes.
- Consider Canada as domestic for the purpose of U.S. federal procurement, as it currently is in the defense sector.
- Include advancements from other FTAs, such as the TPP, in areas as simplified ROO, non-tariff trade barriers, supply chain security.
- Support further integration of N.A. energy markets and the infrastructure to connect them.
- Encourage permanent adoption and expansion of the RCC to align product standards, testing, and certification.
- Include modern provisions to facilitate cross-border express delivery for small shipments.
USTR Negotiation Objectives & the Agriculture Industry

- Regulatory Cooperation Council
  - Align grain standards
- Border facilitation
  - Improve livestock health

**Eliminate Chapter 19**
Predicting the Future...

• Private sector “do no harm” vs. political reality

• Continued uncertainty

• “You never let a serious crisis go to waste ... it’s an opportunity to do things you think you could not do before” (Rahm Emanuel, first chief of staff, Obama)
NAFTA

RENEGOTIATION TIMELINE

MAY 18, 2017
USTR gives notification to US Congress.

MAY 23, 2017
USTR publishes "Request for Comments" from interested parties in the Federal Registry.

JUNE 12, 2017
Public comments due to USTR.

JUNE 27, 2017

JULY 17, 2017
USTR publishes detailed objectives of the US for NAFTA renegotiation.

AUG. 19 2017 or later
Potential beginning of NAFTA renegotiation.

DEC. 2017
Subject to change
Conclusion of NAFTA renegotiation process.

JAN. 2018
US President notifies Congress 90-180 days before signing amendments to NAFTA legislation.

END OF MAR. 2018
Signing of renegotiated NAFTA.
NOTE: TPA grant authority expires June 2018.

JULY 2018
US ITC issues report on impact of renegotiated NAFTA (no later than 105 days following signing).

SEPT. 2018
Present renegotiated NAFTA to US Congress for UP or DOWN vote.