

GOVERNMENT

NRF voices support of NAFTA replacement

November 30, 2018



From left, President Enrique Peña Nieto, President Donald Trump and Prime Minister Justin Trudeau sign the USMCA deal. Image credit: White House

By STAFF REPORTS

The leaders of the United States, Canada and Mexico have signed an updated trade agreement to replace the North American Free Trade Agreement.

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President Donald Trump, Canadian Prime Minister Justin Trudeau and Mexican President Enrique Peña Nieto gathered in Buenos Aires on Nov. 30 ahead of the G20 summit to sign the United States-Mexico-Canada Agreement. To go into effect, the rebranded and revamped deal needs to gain approval from Congress, but some including the National Retail Federation are already weighing in on the agreement.

New NAFTA

Mr. Trump had long been critical of NAFTA, even threatening to abandon the trade deal with the United States' neighbors.

NAFTA was signed in 1994 and has been in place ever since, guaranteeing free trade between the United States, Mexico and Canada. A report from A.T. Kearney found that leaving NAFTA would have cost \$15.8 billion to the U.S. retail industry in the short-term ([see story](#)).

The USMCA follows more than a year of negotiations and talks among the three member countries.

Among the updates are changes for the automotive industry. Now 75 percent of the auto content in cars needs to originate from North America.

There is also a provision that states that 40 to 45 percent of a car's parts need to be made by workers in North America who make at least \$16 an hour.



Tesla plant. Image credit: Tesla

Even with the deal, Mr. Trudeau mentioned in remarks at the signing his desire to see tariffs on steel and aluminum removed.

There is still some disagreement between the parties over the new trade deal's name, with Canada referring to the agreement as CUSMA, rearranging the order of the countries in the acronym.

The National Retail Federation came out in support of USMCA.

"At 25 years old, NAFTA was in need of an update, particularly in areas like digital commerce that didn't exist a quarter-century ago," said Matthew Shay, president and CEO of the National Retail Federation, in a statement. "This new pact takes many important steps toward giving us a modern trade agreement with our two neighboring countries and continues the trilateral framework that protects North American supply chains, supports millions of U.S. jobs and helps retailers provide American families with the products they need at prices they can afford.

"While there may be disagreements over details, it is critical that Congress approves this agreement in 2019 and that NAFTA remains in place until that can be done," he said. "The administration should continue to work to quickly resolve the outstanding issues.

"Withdrawal without a replacement is simply not an option. We also encourage the administration to remove the steel and aluminum tariffs from Canada and Mexico now that the agreement is signed."