

# Bloomberg

## Nafta Nations Say Quick Deal on Table as Inaugural Talks End

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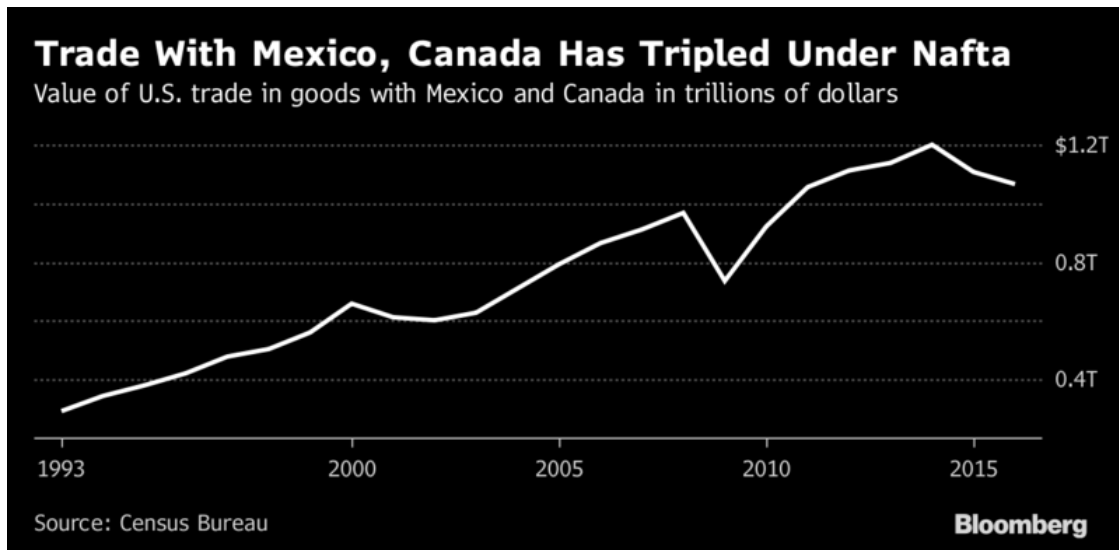
The U.S., Mexico and Canada ended the first round of talks on a new North American Free Trade Agreement saying they're committed to wrapping up the negotiations quickly with a far-reaching deal.

“While a great deal of effort and negotiation will be required in the coming months, Canada, Mexico and the United States are committed to an accelerated and comprehensive negotiation process that will upgrade our agreement and establish 21st century standards to the benefit of our citizens,” the countries said in a statement Sunday, after five days of discussions in Washington.

The next round of negotiations is scheduled for Sept. 1-5 in Mexico, with talks moving to Canada in late September and back to the U.S. in October. Additional rounds are being planned “for the remainder of the year,” the countries said.

The joint statement reinforces the notion that the three nations are seeking a quick deal before politics overtakes the agenda next year. Mexico will hold a general election next July, while U.S. Congressional mid-terms are scheduled for November 2018.

The opening round got off to a tense start last week, when U.S. Trade Representative Robert Lighthizer served notice the U.S. wouldn't accept a modest “tweaking” of a trade deal that President Donald Trump believes has failed Americans. While U.S. trade with its Nafta partners has more than tripled since the agreement took effect in 1994, Trump blames the pact for gutting U.S. manufacturing and sending factory jobs to Mexico.



Trade experts weren't surprised by the cautious sense of optimism in the joint statement.

“Despite good intentions, this Nafta renegotiation may be more akin to a lengthy process of couples therapy than a quick exercise in speed dating,” said Chad Bown, a senior fellow at the Washington-based Peterson Institute of International Economics.

The vagueness and positive tone of the concluding statement has left open the possibility of the U.S. settling its differences with Mexico and Canada, said Inu Manak, a visiting scholar at the Cato Institute in Washington. The challenging part of the negotiations will come later, when the negotiators turn to sensitive issues such as dispute-resolution systems and the rules of origin that dictate local-content requirements in products, she said.

Negotiating groups agreed to provide additional text, comments or counter-proposals in the next two weeks, according to the joint statement.

“The scope and volume of proposals during the first round of the negotiation reflects a commitment from all three countries to an ambitious outcome and reaffirms the importance of updating the rules governing the world’s largest free trade area,” according to the statement.

Lighthizer said last week the U.S. will seek improvements in a number of areas, including tighter rules of origin, stronger labor standards and protections against currency manipulation. Trump has threatened to scrap the pact if he can't get the change he favors.