



President Trump has expressed his interest in accelerating the renegotiation of NAFTA, and expediting the timeline for such a process, faster than current statutory guidelines. It is unlikely, however, that the U.S. will be able to begin negotiations for several months due to legal, diplomatic and bureaucratic impediments to rapid action.

## The Timeline for Renegotiating NAFTA

NAFTA requires no notice period for amendments; Article 2205 of NAFTA requires a six-month notice if a country desires to withdraw.

President Trump's desire to quickly begin renegotiation of NAFTA is constrained by U.S. law—Trade Promotion Authority (TPA). While the President has the constitutional authority to conduct such negotiations, as a practical matter TPA requirements must be followed so that Congress can either accept or reject the agreement. TPA provides that Congress considers legislation to implement an agreement under expedited procedures ("fast track") and prohibits Congress from making any amendments if certain requirements are met. For instance, before NAFTA renegotiations can begin, TPA requires the President to give at least 90 days' notice to Congress before beginning trade talks.

While President Trump may want to move quickly, key members of the House Ways and Means Committee, Chairman Brady and Ranking Member Neal, said that the President's comments on NAFTA did not constitute a formal notification to Congress of the intent to renegotiate NAFTA. They also commented that they do not think the President has the power to expedite negotiations faster than provided for by TPA.

## What's at Risk?

While NAFTA, as a 20-year old trade agreement, could benefit from an update, it serves as the foundation for the significant trade (and investment) among its three member countries. The renegotiation is an opportunity for addressing trade issues in some sectors, such as lumber trade between the U.S. and Canada, but other sectors could be hurt. For example, agricultural and auto interests are concerned about potential changes in market access levels in other NAFTA countries.

U.S. interests warn against tearing up NAFTA, saying this action would wreak havoc on the North American economy. The U.S. Chamber of Commerce is vowing to defend the deal in the Trump era.

On Feb 1, Mexico began a formal 90-day consultation process within the Mexican business community before the start of talks to revise NAFTA.

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## What Should You Do?

- As Mexico's Foreign Relations Minister Luis Videgaray said, "We need to be prepared for all scenarios."
- Industries should be ready for renegotiation. Analyze your company's vulnerability to changes in trade rules that impact integrated supply chains in North America.
- Companies must develop their desires and concerns, form groups of similar-thinking companies as appropriate, and effectively present their desires and concerns to the governments of the U.S., Mexico and Canada.

*"We need to be prepared for all scenarios."*

Mexican Foreign Minister  
Luis Videgaray

- Monitor statements from the Trump Administration, particularly Commerce Secretary Ross and White House National Trade Council Chair Navarro, regarding NAFTA.
- Monitor statements from Canada and Mexico.
- Be prepared to examine the forthcoming tax reform plan to be published by the White House, which will include plans to tax exports from Mexico (the [border tax](#)).

\*The Night Note has a long tradition in Washington, where for years it has been a channel used by cabinet secretaries to alert the White House of critical issues and vital news that should be among the President's priority concerns. We've adapted it here to communicate timely issues that concern the trade and investment community stemming from new policy actions and decisions taken by the Trump Administration.