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NAFTA Round 7

The seventh round of the *North American Free Trade Agreement* (NAFTA) negotiations occurred from February 25 – March 5 in Mexico.

Discussions advanced in several areas. Negotiators closed chapters on regulatory practices, publication and administration, and sanitary and phytosanitary issues. The total number of chapters closed now goes to six, with earlier rounds concluding chapters on competition, corruption and small- and medium-sized enterprises. In addition to an earlier closed sectoral annex on energy efficiency, annexes on chemicals and proprietary foods were also agreed. Good progress was made on the telecommunications and technical barriers to trade.

In closing remarks at the end of the negotiating round, ministers gave their assessment of progress to date.

Foreign Minister Chrystia Freeland reiterated that Canada continues to be committed to reaching a good deal rather than any deal, and that trade could not be viewed as a zero sum transaction. She acknowledged significant work remains ahead for negotiators.

U.S. Trade Representative Lighthizer said not enough progress had been made this negotiating round. He noted the hard issues are usually tackled at the end, but he said upcoming elections would make progress more difficult in the latter part of this year. Lighthizer said that although the U.S. preferred a trilateral agreement, it is prepared to do a bilateral accord if necessary.

Looking ahead to the next round of negotiations, negotiators will continue to close out chapters where possible. Gaps between the parties still remain on the most contentious issues, including rules of origin, dispute settlement and procurement.

Steel and Aluminum

President Donald Trump's announcement of tariffs on steel and aluminum products loomed large in the latter half of the negotiating round.

Minister Freeland reiterated her statement from last week that Canada should be exempted given the close security links between the U.S. and Canada. She emphasized that Canada is prepared to invoke responsive measures should Canadian steel and aluminum products be subject to tariffs. Minister Freeland

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also stated that she saw the steel and aluminum tariff issue as separate from the NAFTA talks. Speaking to President Trump yesterday evening, Prime Minister Justin Trudeau said the introduction of tariffs would not be helpful for reaching a NAFTA deal.

The U.S. Administration's position continues to link the tariffs and NAFTA. President Trump tweeted yesterday morning that steel and aluminum tariffs would only be lifted if a "new & fair NAFTA agreement is signed." U.S. Trade Representative Lighthizer also positioned the tariff announcement "as a positive thing ... it is my view that it's an incentive to get a deal." However, reticence remains in the U.S. Congress. Kevin Brady (R-Texas), Chairman of the House Ways and Means Committee, stated that Canada and Mexico should be exempt; this was echoed by his Senate counterpart, Orrin Hatch (R-Utah), Chairman of the Senate Finance Committee.

Sherwood Park & District **Chamber of Commerce**