



## UNITED STATES–MEXICO PRELIMINARY AGREEMENT IN PRINCIPLE ON NAFTA RENEGOTIATION

### TOPLINES

- Under the leadership of President Donald J. Trump, the United States has reached a preliminary agreement in principle with Mexico in the renegotiation of the North American Free Trade Agreement (NAFTA).
- The President is keeping his promise to renegotiate NAFTA, and our achievement is a mutually beneficial win for North American farmers, ranchers, businesses, and workers.
- When finalized and implemented, the agreement will create more balanced, reciprocal trade that supports high-paying jobs for Americans and grows the North American economy.
- Throughout the negotiations, the United States has pursued two major objectives:
  - First, to update the 24-year-old agreement with modern provisions representing a 21st century, high-standard agreement.
  - Second, to rebalance the agreement to better serve the interests of American workers, farmers, ranchers, and businesses.
- The preliminary agreement in principle achieves the Administration’s key goals of modernizing and rebalancing the agreement.
- Throughout the NAFTA renegotiations, the Administration has worked hard for freer markets, fairer trade, and robust economic growth in North America.

### AGREEMENT HIGHLIGHTS

#### *AMERICAN AUTO MANUFACTURING AND JOBS*

- **Increasing United States and Regional Content in Automobiles and Auto Parts:** Through updated automotive rules of origin, the new agreement encourages United States manufacturing and regional economic growth by requiring that 75 percent of auto content be produced in the NAFTA region and that key core parts always be originating. This will incentivize billions of dollars in additional United States vehicle and auto parts production.
- **Incentivizing the Use of High-Wage Manufacturing Labor in the Automotive Sector:** The new agreement uses trade rules to encourage higher manufacturing wages by requiring that 40 to 45 percent of automotive content be made by workers earning an average base wage of at least \$16 per hour. This will support better jobs for United States producers and workers and incentivize additional United States vehicle and auto parts production.

#### *LABOR*

- **Benefiting American Workers:** The new agreement includes a new Labor Chapter that brings labor obligations into the core of the agreement and makes them fully enforceable. This chapter represents the strongest labor provisions of any trade agreement.

- **Creating a More Level Playing Field:** The new agreement requires Parties to adopt and maintain in law and practice labor rights as recognized by the International Labor Organization, an Annex on Worker Representation in Collective Bargaining in Mexico, and new provisions to take measures to prohibit the importation of goods produced by forced labor and to address violence against workers exercising their labor rights.

#### *AGRICULTURE*

- **Benefiting American Farmers, Ranchers, and Agribusiness:** While agriculture has generally performed well under NAFTA, important improvements in the agreement will enable food and agriculture to trade more fairly. Tariffs on agricultural products traded between the United States and Mexico will remain at zero.
- **Strengthening Agricultural Trade with Modernized Provisions:** The new agreement sets unprecedented standards for agricultural biotechnology, establishes strong commitments to reduce trade-distorting policies, and enhances rules for science-based sanitary and phytosanitary measures.

#### *21<sup>ST</sup> CENTURY ECONOMY*

- **Protecting Intellectual Property:** The United States and Mexico have developed a modernized, high-standard Intellectual Property (IP) chapter that provides strong and effective protection and enforcement of IP rights critical to driving innovation, creating economic growth, and supporting American jobs. The chapter includes 10 years of data protection for biologic drugs and expanded scope of products eligible for protection.
- **Creating a New Chapter on Digital Trade:** The new Digital Trade chapter contains the strongest disciplines on digital trade of any international trade agreement, providing a firm foundation for the expansion of trade and investment in innovative products and services.
- **Increasing De Minimis Shipment Value Level:** The United States has reached an agreement for Mexico to raise its *de minimis* shipment value level to \$100 USD, up from \$50 USD. Shipments valued at or below this level would enter Mexico with no customs duties or taxes, and minimal paperwork, making it easier for more American businesses, particularly small- and medium-sized businesses, to be a part of cross-border trade.

#### *ENVIRONMENT*

- **Creating Enforceable Environmental Obligations:** The new agreement includes the most comprehensive set of enforceable environmental obligations of any United States trade agreement. The provisions will combat trafficking in wildlife, timber, and fish; enhance the effectiveness of customs inspections; strengthen law enforcement networks to stem trafficking; protect fish and marine species by prohibiting harmful fisheries subsidies and combatting illegal, unreported, and unregulated fishing; and address pressing environmental issues such as air quality and marine litter.

#### **WHY NAFTA NEEDED TO BE RENEGOTIATED**

- The 24-year-old NAFTA has become very outdated and unbalanced. While some Americans have benefited from NAFTA, including American farmers and ranchers who obtained much-needed market access, other Americans have been hurt by closed factories, exported jobs, and broken political promises.
- Despite years of promises by politicians to fix NAFTA, none delivered. With this deal, President Trump is delivering on his promise to negotiate and implement trade agreements that benefit all Americans – our workers, farmers, ranchers, and businesses.