

Trump, Peña Nieto, and Trudeau Sign USMCA Integration Scheme

Early Friday morning, U.S. President Donald Trump, outgoing Mexican President Enrique Peña Nieto, and Canadian Prime Minister Justin Trudeau met in Buenos Aires, Argentina, and signed the new United States-Mexico-Canada Agreement (USMCA), intended to further the economic integration of all three North American countries.

In his opening <u>remarks</u>, shortly before signing the USMCA, Trump called the new agreement "a truly groundbreaking achievement," describing it as "the largest, most significant, modern and balanced trade agreement in history."

Trump went on to laud the supposed economic benefits of the USMCA, but absent in his remarks was any mention of American sovereignty, which the agreement both erodes through the further economic integration of the three countries and abrogates to international regimes such as the United Nations, World Trade Organization, and International Labor Organization.

Although now signed, the trade pact still has to overcome several hurdles before it goes into effect as the replacement for NAFTA. Most importantly, the agreement has to be ratified by the legislative bodies of all three countries in order to become binding.

Mexico is expected to be the first of the three nations to ratify the agreement. Because Mexico regards the USMCA as a treaty, which they call T-MEC (*Tratado entre México, Estados Unidos y Canadá*, Spanish for Treaty between Mexico, United States and Canada), it will have to be ratified by the Senate of the Republic — the upper chamber of Mexico's bicameral congress. The intention is for the Mexican Senate to ratify the treaty quickly so they can focus on domestic legislation and policy under incoming Mexican President Andrés Manuel López Obrador (AMLO), who will be inaugurated on Saturday, December 1, 2018.

In his <u>pre-signing remarks</u>, delivered in Spanish, President Peña Nieto said, "The negotiations of the Mexico-United States-Canada Treaty made it possible to reaffirm the importance of the economic integration of North America." Peña Nieto continued to boast about the increased economic integration that the T-MEC/USMCA would accomplish: "The renegotiation of the new trade agreement sought to safeguard the vision of an integrated North America, the conviction that together we are stronger and

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Written by <u>Christian Gomez</u> on November 30, 2018



more competitive."

Regarding Mexico's benefit, Peña Nieto continued, "The Mexico-United States-Canada Treaty gives a renewed face toward our integration." He further boasted how the trade treaty "facilitates the participation of more sectors of the economy," including small and medium-sized businesses. He praised the progressiveness of the deal, as well as how the new trade pact is a living agreement: "[It] employs the protection of workers rights, strengthens environmental protection, and includes a revision clause that allows for constant updates."

Although Mexico is expected to ratify the USMCA first, a dozen Republican U.S. senators have urged President Trump to send Congress the finalized text of the agreement as soon as possible in order to approve it in the current 115th Congress, before the new 116th Congress is sworn in on January 3, 2019.

In a <u>letter</u> to President Trump, dated November 20, 2018, Senator Pat Toomey (R-Penn.) wrote: "It is still possible for the current Congress to consider and vote on the USMCA before the end of the 115th Congress, and do so by using Trade Promotion Authority's procedural protections, including a simple majority vote in the Senate."

The letter went on to urge the president to hand in the necessary documents as soon as possible in order to "start the clock on a mandatory 30-day waiting period" so Congress can draft and submit a USMCA Implementation Act to be voted on when both legislative chambers are in session, in the current lame-duck Congress.

"If you choose to pursue consideration of the USMCA before the end of the 115th Congress, we commit to working with you in a consultative manner to draft implementing legislation that could win our votes, as well as a majority in the House and Senate," Toomey's letter concluded.



However, neither President Trump nor Senate Majority Leader Mitch McConnell (R-Ky.) has yet indicated that they will push for a vote in the lame duck. In all likelihood, a congressional vote on a USMCA implementation bill will not occur prior to spring of 2019. Congress is waiting on a report from the U.S. International Trade Commission about what impact the USMCA would have on the economy. The ITC report is expected to (possibly) be released in March.

Further complicating matters for the president, the incoming Democrat majority in the House is wanting to place <u>teeth into the agreement</u>, providing for stronger enforcement provisions for the <u>USMCA's progressive features</u> that both Democrats and the Canadian government strongly favor. Rather than going back to the drawing board and renegotiating the agreement with all three countries, House Democrats would add the stronger enforcement mechanisms into the USMCA's implementation legislation, which is necessary for the agreement to go into effect.

The Canadian Parliament will likely wait for the U.S. Congress to pass its USMCA Implementation Act

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before ratifying the new agreement.

Although it remains to be seen whether Congress will act in the lame duck or wait until after the ITC releases its report next year, it should reject the new agreement on the basis that it threatens American sovereignty. The USMCA builds on the framework of NAFTA to further merge the economies of all three countries, similar to what the European Coal and Steel Community (ECSC) and its High Authority did in Europe, laying the foundations for today's even-more integrated European Union and its ruling, unelected European Commission.

If the United States wishes to avoid the fate of the United Kingdom and others wanting out of the EU, then it should avoid establishing the next step toward an integrated North America. The purported benefits of "free trade" should never come at the price of sacrificing America's national sovereignty and long-term independence.



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