



City of San Antonio

Agenda Memorandum

File Number:19-2326

Agenda Item Number: 2.

Agenda Date: 3/6/2019

In Control: Intergovernmental Relations Committee

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

The Economic Development Department (EDD) will provide an update on the negotiations relating to the North American Free Trade Agreement (NAFTA) and the United States-Mexico-Canada Agreement (USMCA).

SUMMARY:

EDD will provide an overview update on NAFTA/USMCA renegotiations and next steps.

BACKGROUND INFORMATION:

On November 30, 2018, US President Donald Trump, Mexican President Enrique Peña Nieto and Canadian Prime Minister Justin Trudeau respectively signed the USMCA, formalizing the preliminary terms reached by trade negotiators from all three countries on October 1, 2018.

Key provisions in the new agreement include:

- Qualifying automobiles as duty-free by:
 - Increasing the North American content requirement to 75% from 62.5%; and
 - Requiring that 40% of a vehicle be made by employees at higher wages;
- Adding a clause for a regular review of the agreement, with the first coming after six years;
- Modernizing the dispute resolution process by effectively eliminating investor-state panels, but by preserving dispute settlement panels; and
- Expanding US dairy farmers' access to Canada's protected market.

Now that the agreement has been signed, it must be subsequently ratified by the legislatures of all three countries before entering into force. In the United States, the US Trade Representative submitted an implementing bill to Congress on January 29th. Congress has up to 90 days in session to enact it.

The San Antonio business community is in strong support of the USMCA. EDD is working with GPA and industry partners to solicit feedback and to develop a recommended City position with plans to continue to work with the local business community and with other cities. The Texas Association of Businesses and Texas Mexico Trade Coalition also continue to advocate on behalf of San Antonio to key stakeholders.

ISSUE:

As a community that benefits greatly from free trade, it is imperative to maximize the potential benefits associated with this renegotiation, leveraging our community leaders and success stories to support local businesses that are directly affected.

ALTERNATIVES:

None.

FISCAL IMPACT:

There is no fiscal impact to the City's Budget.

RECOMMENDATION:

This item is for briefing purposes.