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## **Alert: NAFTA Renegotiation Food for Thought...**

July 18, 2017

With the renegotiation of NAFTA to begin in mid-August of 2017, companies in Canada, Mexico and the United States should be prepared to identify any of their business interests that may be affected, including any potential impact to their international supply chains. Committees or task forces responsible for reviewing these issues within the organization should include members representing multiple functional areas: trade compliance, logistics, supply chain, legal, accounting and tax.

Upon identifying such interests, companies should set appropriate scenarios or courses of action to minimize possible adverse effects (e.g., establish beneficial renegotiation outcomes, alternative sourcing options, alternative markets). At this point in time, engaging with industry trade groups and policy makers could also help create common industry positions and give companies an opportunity to provide input regarding the NAFTA benefits they currently enjoy, which will in turn result in being in a better position to participate in the rule-making process and advocate for revisions that would minimize or maximize, as applicable, the impact to their businesses.

The NAFTA governments have initiated consultations to obtain information and views on the renegotiation process. Trade negotiators should know firsthand, directly from the companies themselves, what the company would expect to occur

during the renegotiation process, as there are significant risks in assuming that the industry or sector-wide associations may accurately and actively represent the company's interests.

While industry trade groups represent, promote and defend the activities of the industry, commerce, services and tourism as a whole, and collaborate with the government in international trade negotiations when prompted to do so, being close to the trade negotiators themselves provide companies with a more favorable position to address and defend their interests precisely when needed. This is ideally achieved by ensuring a permanent presence in "the room next door" to the trade negotiators during the actual negotiating rounds, which is vital to react in real time to any inquiries from governmental representatives.

In addition, governmental authorities welcome receiving information or documents outlining a favored negotiating position and relevant information that they can bring directly to the table without investing significant amounts of time on their end (e.g., relevant tariff lines, trade statistics, legal venues and, better yet, how the company's counterparts could react).

Certain industries and companies (e.g., Mexican cattle and pork producers) are already taking these precautions and are relying on Gardere's expertise to represent their interests in these negotiations. Being in the "room next door" is only the first step. Gardere's [international trade group](#) has the seamless, bi-national expertise and experience to assist companies with navigating potential changes and managing the associated risks. Our team will continue to monitor NAFTA's renegotiation developments and work with clients to reduce their associated risks and secure favorable trade advantages from such negotiations.

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This document is regarding potential changes to the North American Free Trade Agreement (NAFTA).

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