Summary of Objectives for the NAFTA Renegotiation

November 2017
# Table of Contents

Introduction ........................................................................................................................................... 2

**Summary of Specific Negotiating Objectives for the Initiation of NAFTA Negotiations**

Trade in Goods ..................................................................................................................................... 3
Sanitary and Phytosanitary Measures (SPS) ...................................................................................... 4
Customs, Trade Facilitation, and Rules of Origin .............................................................................. 4
Technical Barriers to Trade (TBT) ....................................................................................................... 6
Good Regulatory Practices .................................................................................................................. 6
Trade in Services, Including Telecommunications and Financial Services .................................... 7
Digital Trade in Goods and Services and Cross-Border Data Flows .................................................. 8
Investment ........................................................................................................................................... 8
Intellectual Property .......................................................................................................................... 9
Procedural Fairness for Pharmaceuticals and Medical Devices ......................................................... 10
State-Owned and Controlled Enterprises .......................................................................................... 10
Competition Policy ........................................................................................................................... 11
Labor .................................................................................................................................................... 12
Environment ...................................................................................................................................... 13
Anti-Corruption ................................................................................................................................. 14
Trade Remedies .................................................................................................................................. 14
Government Procurement .................................................................................................................. 15
Small- and Medium-Sized Enterprises .............................................................................................. 16
Energy .................................................................................................................................................. 16
Dispute Settlement ............................................................................................................................. 17
General Provisions ............................................................................................................................. 17
Currency .............................................................................................................................................. 17
Introduction

On May 18, 2017, the Trump administration notified Congress that the President intended to renegotiate the North American Free Trade Agreement (NAFTA). Sixty days later, and a month before the negotiations began, the Office of the U.S. Trade Representative (USTR) publicly released the objectives the administration seeks to achieve through this renegotiation. The July 17, 2017 document was the first time that USTR released objectives before negotiations began.

In developing these initial objectives, USTR held dozens of meetings with Congressional leaders and private sector advisory committees, and held three days of public hearings. The more than 12,000 public comments USTR received were carefully reviewed. All of this advice proved integral in creating the objectives for this negotiation and the text that was ultimately tabled.

Since being sworn in on May 18, Ambassador Lighthizer has consulted with Congress on four separate occasions: before the House Advisory Group on Negotiations (HAGON), the Senate Advisory Group on Negotiations (SAGON), the Senate Finance Committee, and House Committee on Ways and Means. Even after negotiations began on August 16, rigorous consultations have continued. Ambassador Lighthizer and his staff have met personally with dozens of Members of Congress, spending more than 700 hours discussing NAFTA with Congressional members and staff just since August.

The Trump Administration has held on-going consultations with members of the private sector, labor representatives, ranchers, farmers, and leaders of the NGO community throughout the NAFTA negotiating process. With dozens of scheduled briefings to advisory committees, hundreds of hours of stakeholder consultations, and a continuing open-door policy, the Trump administration is fulfilling its promise of transparency and openness throughout the negotiation process.

Ambassador Lighthizer recognizes the critical importance of meaningful transparency with respect to the NAFTA negotiations. In accordance with Section 105(a)(1)(D) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (the Trade Priorities Act), these negotiating objectives reflect updates to the original objectives published on July 17, 2017. Not only is this release an example of continued transparency, as outlined in the Trade Priorities Act, but it also represents the first time that USTR has ever released a second, updated version of its negotiating objectives. The goals that USTR seeks to achieve through these negotiations are widely reported, and well known.

The President believes that NAFTA has not been a good deal for many American workers and businesses. USTR’s objectives represent a serious effort to renegotiate the Agreement to update its provisions to the best 21st century standards and rebalance the benefits of the deal so that each country succeeds. U.S. proposals reflecting these objectives are supported by a diverse group of American interests. If these objectives are achieved, the United States will obtain more open, equitable, secure, and reciprocal market access, and the entire NAFTA region will benefit.
Summary of Specific Negotiating Objectives for the Initiation of NAFTA Negotiations

Trade in Goods:

- Improve the U.S. trade balance and reduce the trade deficit with the NAFTA countries.
- Increase transparency in import and export licensing procedures.
- Discipline import and export monopolies to prevent trade distortions.

Industrial Goods

- Maintain existing reciprocal duty-free market access for industrial goods and strengthen disciplines to address non-tariff barriers that constrain U.S. exports to NAFTA countries.
- Expand market access for remanufactured goods exports by ensuring that they are not classified as used goods that are restricted or banned.
- Maintain existing duty-free access to NAFTA country markets for U.S. textile and apparel products and seek to improve competitive opportunities for exports of U.S. textile and apparel products while taking into account U.S. import sensitivities.
- Promote greater regulatory compatibility with respect to key goods sectors, including pharmaceuticals, medical devices, cosmetics, information and communication technology equipment, motor vehicles, and chemicals, and on issues such as energy efficiency, to reduce burdens associated with unnecessary differences in regulation, including through regulatory cooperation where appropriate.

Agricultural Goods

- Maintain existing reciprocal duty-free market access for agricultural goods.
- Expand competitive market opportunities for U.S. agricultural goods in NAFTA countries, substantially equivalent to the competitive opportunities afforded foreign exports into the U.S. market, including by eliminating remaining Canadian tariffs on imports of U.S. dairy, poultry, and egg products.
- Seek to eliminate and prevent non-tariff barriers to U.S. agricultural exports such as restrictive administration of tariff rate quotas; and discriminatory barriers and unjustified technical barriers, including to U.S. grain and alcohol beverages.
- Seek to eliminate unjustified measures that unfairly limit access to Canada’s markets.
and unfairly decrease market access opportunities in third countries for U.S. dairy products, such as cross subsidization, price discrimination, and price undercutting.

- Provide reasonable adjustment periods for U.S. imports on sensitive agricultural products, engaging in close consultation with Congress on such products before initiating tariff reduction negotiations.

- Promote greater regulatory compatibility, including through regulatory cooperation where appropriate to reduce burdens associated with unnecessary differences in regulation, including regulations and standards for processed foods and beverages.

- Establish specific commitments for trade in products developed through agricultural biotechnologies, including on transparency, cooperation, and managing low level presence issues, and a mechanism for exchange of information and enhanced cooperation on agricultural biotechnologies.

Sanitary and Phytosanitary Measures (SPS):

- Provide for enforceable SPS obligations that build upon WTO rights and obligations, including with respect to science-based measures, good regulatory practice, import checks, equivalence, regionalization, and certification and risk analysis, making clear that each country can set for itself the level of protection it believes to be appropriate to protect food safety, and plant and animal health in a manner consistent with its international obligations.

- Establish a mechanism to resolve expeditiously unwarranted barriers that block the export of U.S. food and agricultural products.

- Establish new and enforceable rules to ensure that science-based SPS measures are developed and implemented in a transparent, predictable, and non-discriminatory manner.

- Improve communication, consultation, and cooperation between governments to share information and work together on SPS issues in a transparent manner, including on new technologies.

- Provide for a mechanism for improved dialogue and cooperation to address SPS issues and facilitate trade where appropriate and possible.

Customs, Trade Facilitation, and Rules of Origin:

Customs and Trade Facilitation:

- Build on and set high standards for implementation of WTO agreements involving trade facilitation and customs valuation.
- Increase transparency by ensuring that all customs laws, regulations, and procedures are published on the Internet as well as designating points of contact for questions from traders.

- Ensure that, to the greatest extent possible, shipments are released immediately after determining compliance with applicable laws and regulations and provide for new disciplines on timing of release, automation, and use of guarantees.

- Provide for streamlined and expedited customs treatment for express delivery shipments, including for shipments above any de minimis threshold. Provide for a de minimis shipment value comparable to the U.S. de minimis shipment value of $800.

- Ensure that NAFTA countries administer customs penalties in an impartial and transparent manner, and avoid conflicts of interest in the administration of penalties.

- Provide for automation of import, export, and transit processes, including through supply chain integration; reduced import, export, and transit forms, documents, and formalities; enhanced harmonization of customs data requirements; and advance rulings regarding the treatment that will be provided to a good at the time of importation.

- Provide for both administrative and judicial appeal of customs decisions.

- Provide for electronic payment of duties, taxes, fees, and charges imposed on or in connection with importation or exportation.

- Provide for the use of risk management systems for customs control and post-clearance audit procedures to ensure compliance with customs and related laws.

- Provide for disciplines on the use of customs brokers, pre-shipment inspection, and the use of reusable containers.

- Establish a committee for Parties to share information and cooperate on trade priorities with a view to resolving inconsistent treatment of commercial goods.

**Rules of Origin:**

- Update and strengthen the rules of origin, as necessary, to ensure that the benefits of NAFTA go to products genuinely made in the United States and North America.

- Ensure that the rules of origin incentivize production in North America as well as specifically in the United States.

- Establish origin procedures that streamline the certification and verification of rules of origin and that promote strong enforcement, including with respect to textiles.

- Promote cooperation with NAFTA countries to prevent duty evasion, combat customs offenses, and ensure that goods that meet the rules of origin receive NAFTA benefits.
Technical Barriers to Trade (TBT):

- Require NAFTA countries to apply decisions and recommendations adopted by the WTO TBT Committee that apply, *inter alia*, to standards, conformity assessment, transparency, and other areas.

- Include strong provisions on transparency and public consultation that require the NAFTA countries to publish drafts of technical regulations and conformity assessment procedures, allow stakeholders in other countries to provide comments on those drafts, and require authorities to address significant issues raised by stakeholders and explain how the final measure achieves the stated objectives.

- Ensure national treatment of conformity assessment bodies without conditions or limitations and encourage the use of international conformity assessment recognition arrangements to facilitate the acceptance of conformity assessment results.

- Establish an active TBT Chapter Committee that will discuss bilateral and third party specific trade concerns, coordination of regional and multilateral activities, regulatory cooperation, and implementing Good Regulatory Practices.

Good Regulatory Practices and Transparency; Publication, and Administration of Measures:

- Obtain commitments that can facilitate market access and promote greater compatibility among U.S., Canadian, and Mexican regulations, including by:
  
  - Ensuring transparency and accountability in the development, implementation, and review of regulations, including by publication of proposed regulations;
  
  - Providing meaningful opportunities for public comment in the development of regulations;
  
  - Promoting the use of impact assessments and other methods of ensuring regulations are evidence-based and current, as well as avoiding unnecessary redundancies; and
  
  - Applying other good regulatory practices such as internal coordination mechanisms and transparency in the use of expert regulatory advisory committees.

- Reinforce commitments to:
  
  - Promptly publish laws, regulations, administrative rulings of general application, and other procedures that affect trade and investment; provide opportunities for public comment on measures before they are finalized; and
Establish and maintain mechanisms to review and if warranted, correction of final administrative actions.

Trade in Services, Including Telecommunications and Financial Services:

Trade in Services:

- Secure commitments from NAFTA countries to provide fair and open conditions for services trade, including through:

  - Rules that apply to all services sectors, including rules that prohibit:
    - Discrimination against foreign services suppliers;
    - Restrictions on the number of services suppliers in the market; and
    - Requirements that cross-border services suppliers first establish a local presence.

- Specialized sectoral disciplines, including rules to help level the playing field for U.S. delivery services suppliers in the NAFTA countries; and

- Where any exceptions from core disciplines are needed, the negotiation, on a negative list basis, of the narrowest possible exceptions with the least possible impact on U.S. firms.

- Retain flexibility for U.S. non-conforming measures, including U.S. non-conforming measures for maritime and long-haul trucking services.

- Improve the transparency and predictability of the regulatory procedures in the NAFTA countries.

Telecommunications:

- Promote competitive supply of telecommunications services by facilitating market entry through transparent regulation and an independent regulator.

- Secure commitments to provide reasonable network access for telecommunications suppliers through interconnection and access to physical facilities and scarce resources.

- Establish provisions protecting telecommunications services suppliers' choice of technology.

Financial Services:

- Expand competitive market opportunities for United States financial service suppliers to obtain fairer and more open conditions of financial services trade.
- Improve transparency and predictability in their respective financial services regulatory procedures.

- Ensure that the NAFTA countries refrain from imposing measures in the financial services sector that restrict cross-border data flows or that require the use or installation of local computing facilities.

**Digital Trade in Goods and Services and Cross-Border Data Flows:**

- Secure commitments not to impose customs duties on digital products (e.g., software, music, video, e-books).

- Ensure non-discriminatory treatment of digital products transmitted electronically and guarantee that these products will not face government-sanctioned discrimination based on the nationality or territory in which the product is produced.

- Establish rules to ensure that NAFTA countries do not impose measures that restrict cross-border data flows and do not require the use or installation of local computing facilities.

- Establish rules to prevent governments from mandating the disclosure of computer source code or algorithms.

- Establish rules that limit non-IPR civil liability of online platforms for third party content, subject to NAFTA countries’ rights to adopt non-discriminatory measures for legitimate public policy objectives.

**Investment:**

- Secure for U.S. investors in the NAFTA countries important rights consistent with U.S. legal principles and practice, while ensuring that NAFTA country investors in the United States are not accorded greater substantive rights than domestic investors.

- Establish rules that reduce or eliminate barriers to U.S. investment in all sectors in the NAFTA countries, including the following rules:
  - National treatment and most-favored-nation treatment;
  - Prohibitions on restrictions on transfers of investment-related capital;
  - Prohibition on performance requirements, including forced technology transfer and technology localization;
  - Prohibition on expropriation without prompt, adequate and effective compensation,
consistent with U.S. legal principles and practice; and

- A minimum standard of treatment under customary international law, consistent with U.S. legal principles and practice.

- Provide meaningful procedures for resolving investment disputes, while ensuring the protection of U.S. sovereignty and the maintenance of strong U.S. domestic industries.

- Improve procedures for resolving investment disputes, including ensuring that arbitrators act impartially and independently, allowing arbitrators expeditiously to review and dismiss frivolous claims, and providing the NAFTA countries with tools to ensure the coherence and correctness of the interpretation of investment rules.

- Ensure that dispute settlement hearings are open to the public and that all key documents related to the proceedings are promptly made public.

- Establish a mechanism to allow amicus curiae submissions in dispute settlement proceedings from businesses, unions, nongovernmental organizations, and other members of the public.

**Intellectual Property:**

- Promote adequate and effective protection of intellectual property rights, including through the following:
  
  - Obtain commitments to ratify or accede to international treaties reflecting best practices in intellectual property protection and enforcement.
  
  - Provide a framework for effective cooperation between Parties on matters related to the adequate and effective protection and enforcement of intellectual property rights.
  
  - Promote transparency and efficiency in the procedures and systems that establish protection of intellectual property rights, including making more relevant information available online.
  
  - Seek provisions governing intellectual property rights that reflect a standard of protection similar to that found in U.S. law, including, but not limited to protections related to trademarks, patents, copyright and related rights (including, as appropriate, exceptions and limitations), undisclosed test or other data, and trade secrets.
  
  - Provide strong protection and enforcement for new and emerging technologies and new methods of transmitting and distributing products embodying intellectual property, including in a manner that facilitates legitimate digital trade, including, but not limited to, technological protection measures.
- Ensure standards of protection and enforcement that keep pace with technological developments, and in particular ensure that rights holders have the legal and technological means to control the use of their works through the Internet and other global communication media, and to prevent the unauthorized use of their works.

- **Prevent or eliminate government involvement in the violation of intellectual property rights, including cyber theft and piracy.**

- Secure fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection.

- Prevent or eliminate discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights.

- Respect the Declaration on the TRIPS Agreement and Public Health, adopted by the World Trade Organization at the Fourth Ministerial Conference at Doha, Qatar on November 14, 2001, and to ensure that trade agreements foster innovation and promote access to medicines.

- Prevent the undermining of market access for U.S. products through the improper use of a country’s system for protecting or recognizing geographical indications, **including such systems that fail to ensure transparency and procedural fairness**, or adequately protecting generic terms for common use.

- **Provide the means for adequate and effective enforcement of intellectual property rights, including by requiring accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms. Such mechanisms include, but are not limited to, strong protections against counterfeit and pirated goods.**

**Procedural Fairness for Pharmaceuticals and Medical Devices:**

- Seek standards to ensure that government regulatory reimbursement regimes are transparent, provide procedural fairness, are nondiscriminatory, and provide full market access for United States products.

**State-Owned and Controlled Enterprises:**

- Define State-Owned and Controlled Enterprises (SOEs) on the basis of government ownership or government control through ownership interests, including situations of control through minority shareholding.
- Retain the ability to support SOEs engaged in providing domestic public services.

- Ensure that SOEs accord non-discriminatory treatment with respect to purchase and sale of goods and services.

- Ensure that SOEs act in accordance with commercial considerations with respect to such purchases and sales.

- Ensure that strong subsidy disciplines apply to SOEs, beyond the disciplines set out in the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement).

- Require that SOEs not cause harm to another Party through provision of subsidies.

- Require that SOEs not cause harm to the domestic industry of another Party via subsidized SOE investment.

- Ensure impartial regulation of SOEs, designated monopolies, and private companies.

- Provide jurisdiction to courts over the commercial activities of foreign SOEs (i.e., limited sovereign immunity).

- Allow Parties to request information related to the level of government ownership and control of a given enterprise, and the extent of government support.

- Develop fact-finding mechanism based on Annex 5 of the WTO SCM Agreement to help overcome the evidentiary problems associated with litigation on SOEs.

**Competition Policy:**

- Maintain and implement rules that prohibit anticompetitive business conduct, protect consumers from fraudulent and deceptive commercial acts and practices, and ensure that those rules are transparent.

  - Establish or affirm basic rules for procedural fairness on competition law enforcement, including by: allowing representation by counsel; recognizing privileged communications; providing for the protection of confidential and privileged information and communications; ensuring access to information necessary to prepare an adequate defense, providing an opportunity to present rebuttal evidence and cross-examine witnesses; and ensuring the resolution of competition law cases before an impartial administrative or judicial authority.

  - Ensure that, in calculating a fine for a violation of a national competition law, the Party considers revenue or profit relating to the Party’s territory or commerce.

  - Limit remedies relating to conduct outside the Party’s territory to situations where there is an appropriate nexus to the Party’s territory.
- Promote cooperation among the relevant authorities on competition and consumer protection enforcement-related matters, including investigative assistance, notification, consultation, and exchange of information.

Labor:

- Bring the labor provisions into the core of the Agreement rather than in a side agreement.

- Require NAFTA countries to adopt and maintain in their laws and practices the internationally recognized core labor standards as recognized in the ILO Declaration, including:
  - Freedom of association and the effective recognition of the right to collective bargaining;
  - Elimination of all forms of forced or compulsory labor;
  - Effective abolition of child labor and a prohibition on the worst forms of child labor; and
  - Elimination of discrimination in respect of employment and occupation.

- Require NAFTA countries to have laws governing acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

- Establish rules that will ensure that NAFTA countries do not waive or derogate from their labor laws implementing internationally recognized core labor standards in a manner affecting trade or investment between the parties.

- Establish rules that will ensure that NAFTA countries do not fail to effectively enforce their labor laws implementing internationally recognized core labor standards and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health laws through a sustained or recurring course of action in a matter affecting trade or investment between the parties.

- Require that NAFTA countries take initiatives to prohibit trade in goods produced by forced labor, regardless of whether the source country is a NAFTA country.

- Provide access to fair, equitable, and transparent administrative and judicial proceedings.

- Ensure that these labor obligations are subject to the same dispute settlement mechanism that applies to other enforceable obligations of the Agreement.

- Establish a means for stakeholder participation, including through public advisory committees, as well as a process for the public to raise concerns directly with NAFTA governments if they believe a NAFTA country is not meeting its labor commitments.
- Establish or maintain a senior-level Labor Committee, which will meet regularly to oversee implementation of labor commitments, and include a mechanism for cooperation and coordination on labor issues, including opportunities for stakeholder input in identifying areas of cooperation.

**Environment:**

- Bring the environment provisions into the core of the Agreement rather than in a side agreement.

- Establish strong and enforceable environment obligations that are subject to the same dispute settlement mechanism that applies to other enforceable obligation of the Agreement.

- Establish rules that will ensure that NAFTA countries do not to waive or derogate from the protections afforded in their environmental laws for the purpose of encouraging trade or investment.

- Establish rules that will ensure that NAFTA countries do not fail to effectively enforce their environmental laws through a sustained or recurring course of action in a matter affecting trade or investment between the parties.

- Require NAFTA countries to adopt and maintain measures implementing their obligations under select Multilateral Environmental Agreements (MEAs) to which the NAFTA countries are full parties, including the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

- Establish a means for stakeholder participation, including commitments for public advisory committees, and a process for the public to raise concerns directly with its government if they believe it is not meeting its environmental commitments.

- Require NAFTA countries to ensure access to fair, equitable and transparent administrative and judicial proceedings for enforcing their environmental laws, and provide appropriate sanctions or remedies for violations of their environmental laws.

- Provide for a framework for conducting, reviewing, and evaluating cooperative activities that support implementation of the environmental commitments, and for public participation in these activities.

- Establish or maintain a senior-level Environmental Committee, which will meet regularly to oversee implementation of environmental commitments, with opportunities for public participation in the process.

- Combat illegal fishing, unreported, and unregulated (IUU) including by implementing port state measures and supporting increased monitoring and surveillance.
- Establish rules to prohibit harmful fisheries subsidies, such as those that contribute to overfishing and IUU fishing, and pursue transparency in fisheries subsidies programs.

- Promote sustainable fisheries management and long-term conservation of marine species, including sharks, sea turtles, seabirds and marine mammals.

- Protect and conserve flora and fauna and ecosystems, including through action by countries to combat wildlife trafficking, including timber trafficking.

Anti-corruption:

- Secure provisions committing each Party to criminalize government corruption, to take steps to discourage corruption, and to provide adequate penalties and enforcement tools in the event of prosecution of persons suspected of engaging in corrupt activities. In particular:

  - Require the adoption or maintenance of requirements for companies to maintain accurate books and records, which facilitate the detection and tracing of corrupt payments;

  - Require the establishment of codes of conduct and the development of other tools to promote high ethical standards among public officials;

  - Require parties to disallow the deduction of corrupt payments for income tax purposes; and

  - Encourage Parties to promote the active participation by the public in efforts to combat corruption.

Trade Remedies:

- Preserve the ability of the United States to enforce rigorously its trade laws, including the antidumping, countervailing duty, and safeguard laws.

- Eliminate the NAFTA global safeguard exclusion so that it does not restrict the ability of the United States to apply measures in future investigations.

- Eliminate the Chapter 19 dispute settlement mechanism.

- Seek a separate domestic industry provision for perishable and seasonal products in AD/CVD proceedings.

- Exclude state enterprises as part of the domestic industry in AD/CVD proceedings.

- Facilitate the ability to impose measures based on distorted costs of inputs due to ongoing subsidization or dumping.
- Promote cooperation among the trade remedies administrators of the NAFTA countries, particularly with regards to the sharing of information that would improve the ability of administrators to effectively monitor and address trade remedies violations, such as through self-initiation.

- Strengthen existing procedures and create new procedures to address AD/CVD duty evasion, including the ability to conduct AD/CVD verification visits.

- Establish transparency and due process obligations reflected in U.S. AD/CVD laws, regulations, and practice.

- Establish an early warning import monitoring system for agreed sensitive products from non-NAFTA countries.

**Government Procurement:**

- Increase opportunities for U.S. firms to sell U.S. products and services into the NAFTA countries.

- Ensure reciprocity in market access opportunities for U.S. goods, services, and suppliers in Canada and Mexico.

- Establish obligation and procedure to combat corruption in procurement.

- Establish fair, transparent, predictable, and non-discriminatory rules to govern government procurement in the NAFTA countries, including rules mirroring existing U.S. government procurement practices such as:
  - Publishing information on government procurement opportunities in a timely manner;
  - Ensuring sufficient time for suppliers to obtain tender documentation and submit bids;
  - Ensuring that procurement will be handled under fair procedures;
  - Ensuring that contracts will be awarded based solely on the evaluation criteria specified in the notices and tender documentation; and
  - Providing impartial administrative or judicial review authority to review challenges or complaints.

- Exclude sub-federal coverage (state and local governments) from the commitments being negotiated. Keep in place domestic preferential purchasing programs such as:
• Preference programs for small businesses, women and minority owned businesses (which includes Native Americans), service-disabled veterans, and distressed areas;

• “Buy America” requirements on Federal assistance to state and local projects, transportation services, food assistance, and farm support; and

• Key Department of Defense procurement.

- Maintain broad exceptions for government procurement regarding:

  • National security;

  • Measures necessary to protect public morals, order, or safety;

  • Protecting human, animal, or plant life or health; and

  • Protecting intellectual property.

- Maintain ability to provide for labor, environmental, and other criteria to be included in contracting requirements.

- Establish requirements that promote transparency in procurement statistics.

Small- and Medium-Sized Enterprises:

- Secure commitment by NAFTA countries to provide information resources to help small businesses navigate FTA requirements for exporting to the NAFTA markets.

- Cooperate on SME issues of mutual interest.

- Establish an SME Committee to ensure that the needs of SMEs are considered as the Agreement is implemented in order for SMEs to benefit from new commercial opportunities.

- Establish a NAFTA trilateral SME dialogue which may include the private sector, non-governmental organizations and other SME stakeholders to provide views and information to the SME Committee.

Energy:

- Preserve and strengthen investment, market access, and state-owned enterprise disciplines benefitting energy production and transmission and support North American energy security and independence, while promoting continuing energy market-opening reforms.
Dispute Settlement:

- Encourage the early identification and settlement of disputes through consultation and other mechanisms.

- Establish a dispute settlement mechanism that is effective, timely, and in which panel determinations are based on the provisions of the Agreement and the submissions of the parties and are provided in a reasoned manner.

- **Establish procedures to ensure that panels are composed in a timely manner and with the appropriate expertise.**

- Establish a dispute settlement process that is transparent by:
  
  • Requiring that parties’ submissions be made publicly available;
  
  • Requiring that hearings be open to the public;
  
  • Requiring that final determinations by a panel be made publicly available; and
  
  • Ensuring that non-governmental entities have the right to request making written submissions to a panel.

- Have provisions that encourage compliance with the obligations of the Agreement.

- **Provide mechanisms for ensuring that the Parties retain control of disputes and can address situations when a panel has clearly erred in its assessment of the facts or the obligations that apply.**

General Provisions:

- Include general exceptions that allow for the protection of legitimate U.S. domestic objectives, including the protection of health or safety and essential security, among others.

- **Provide a mechanism for ensuring that the Parties assess the benefits of the Agreement on a periodic basis.**

Currency:

- Through an appropriate mechanism, ensure that the NAFTA countries avoid manipulating exchange rates in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage.