



Global Florida Webinar: NAFTA Modernization Update

November 7, 2017



DAN TAPIA

Manager, International Strategy & Policy
Florida Chamber of Commerce

Agenda

NAFTA Modernization Update

I. **Welcome** | **Dan Tapia**, Manager, International Policy & Strategy, Florida Chamber of Commerce

II. **Guest Speakers:**

- **Stan Connally Jr.**, Chairman, President & CEO, Gulf Power Company
Policy Council Chair & Chair-Elect, Florida Chamber of Commerce
- **The Honorable Neal Dunn**, Florida's 2nd Congressional District
- **Alice Ancona**, Director, International Strategy & Policy, Florida Chamber of Commerce
- **Ron Oleynik**, Partner, Holland & Knight
- **Susan Harper**, Consul General of Canada, Miami

III. **Audience Comments**

IV. **Adjourn**



STAN CONNALLY JR.

Chairman, President & CEO

Gulf Power Company

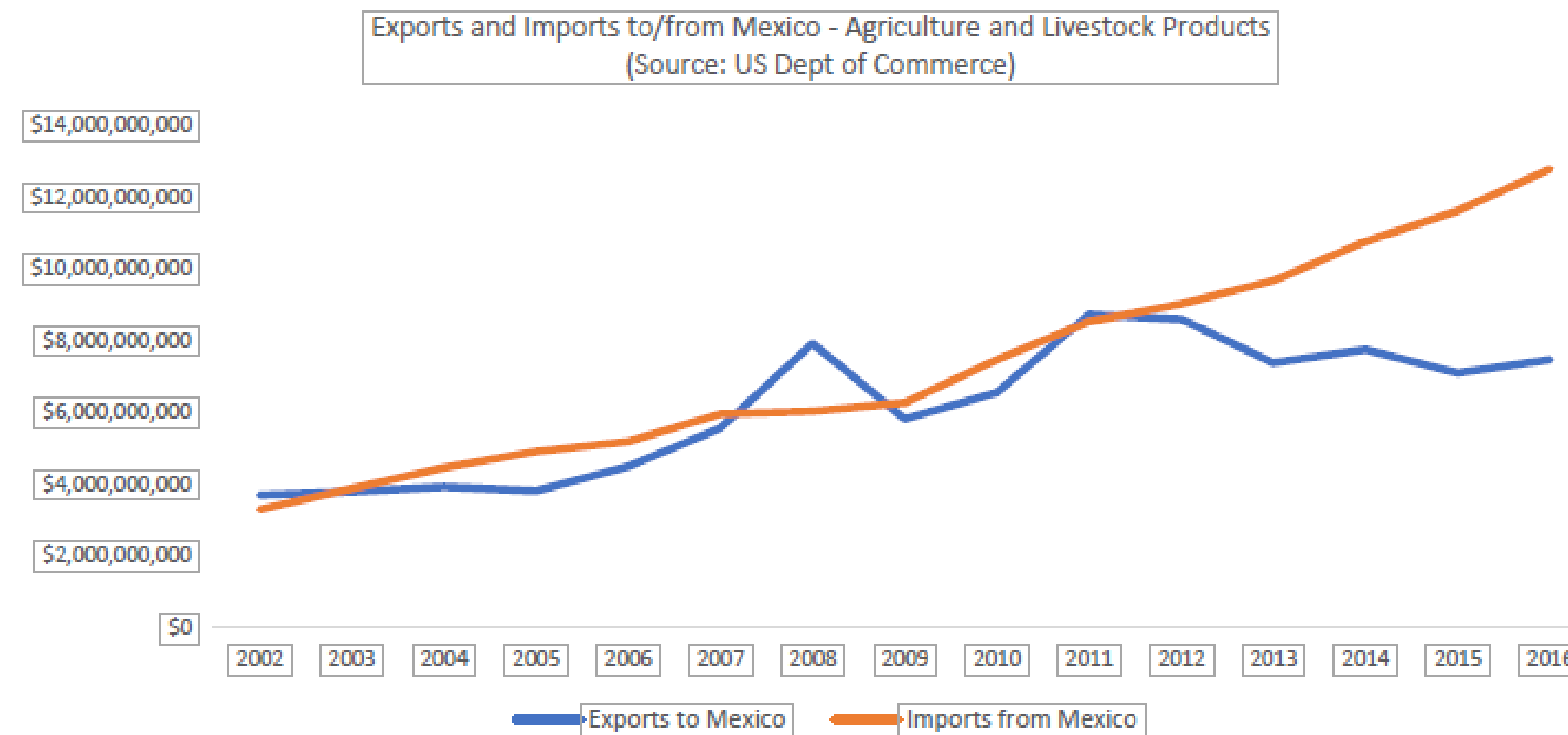
*Policy Council Chair & Chair-Elect, Florida
Chamber of Commerce*



DR. NEAL DUNN

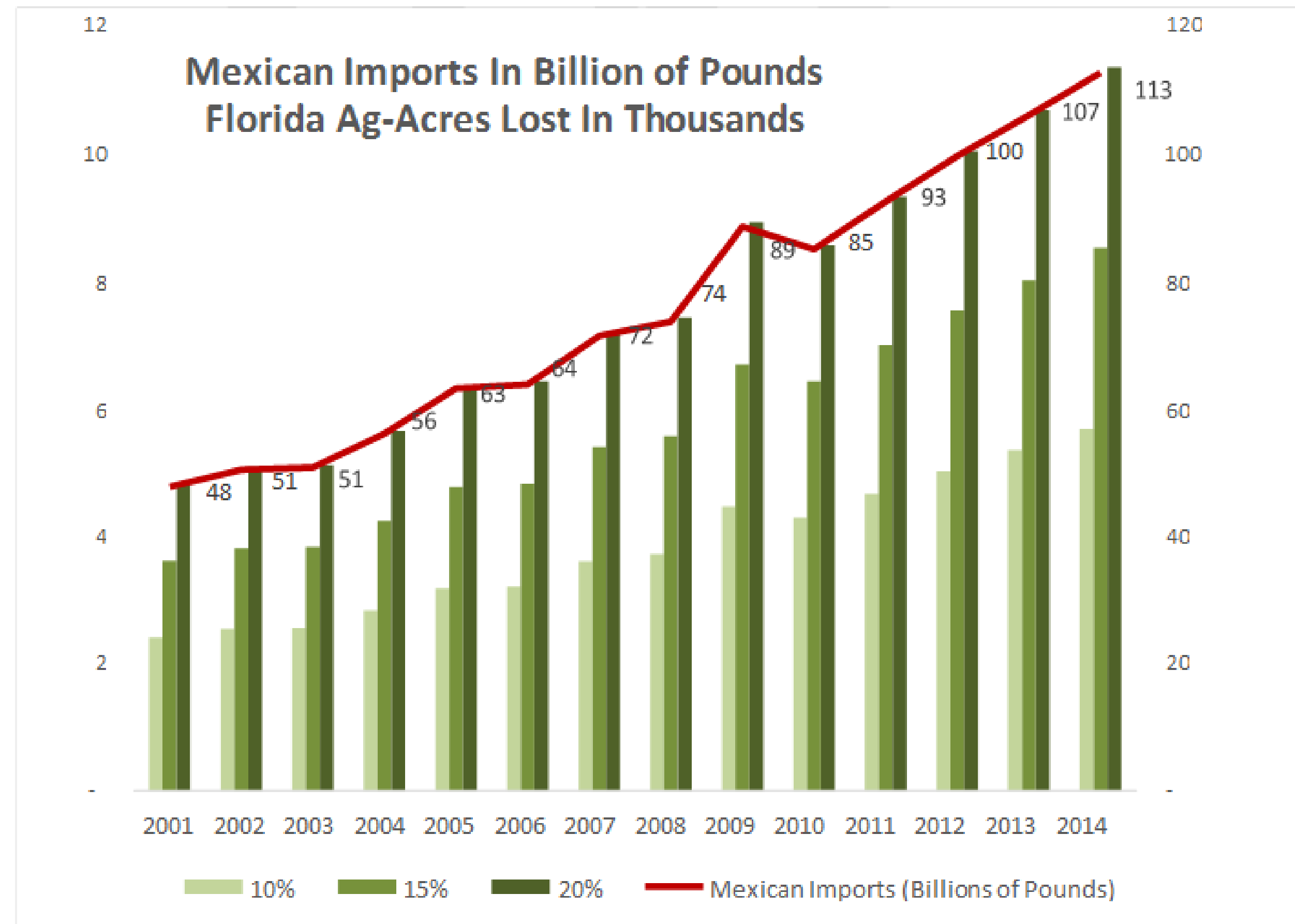
United States House of Representatives
Florida's 2nd Congressional District

- Although the United States is one of the world's major agricultural producers, Mexico's extraordinary expansion in fruit and vegetable shipments to the United States is creating a growing trade deficit in US-Mexico agricultural trade. As of 2016, that deficit exceeded \$5.3 billion.



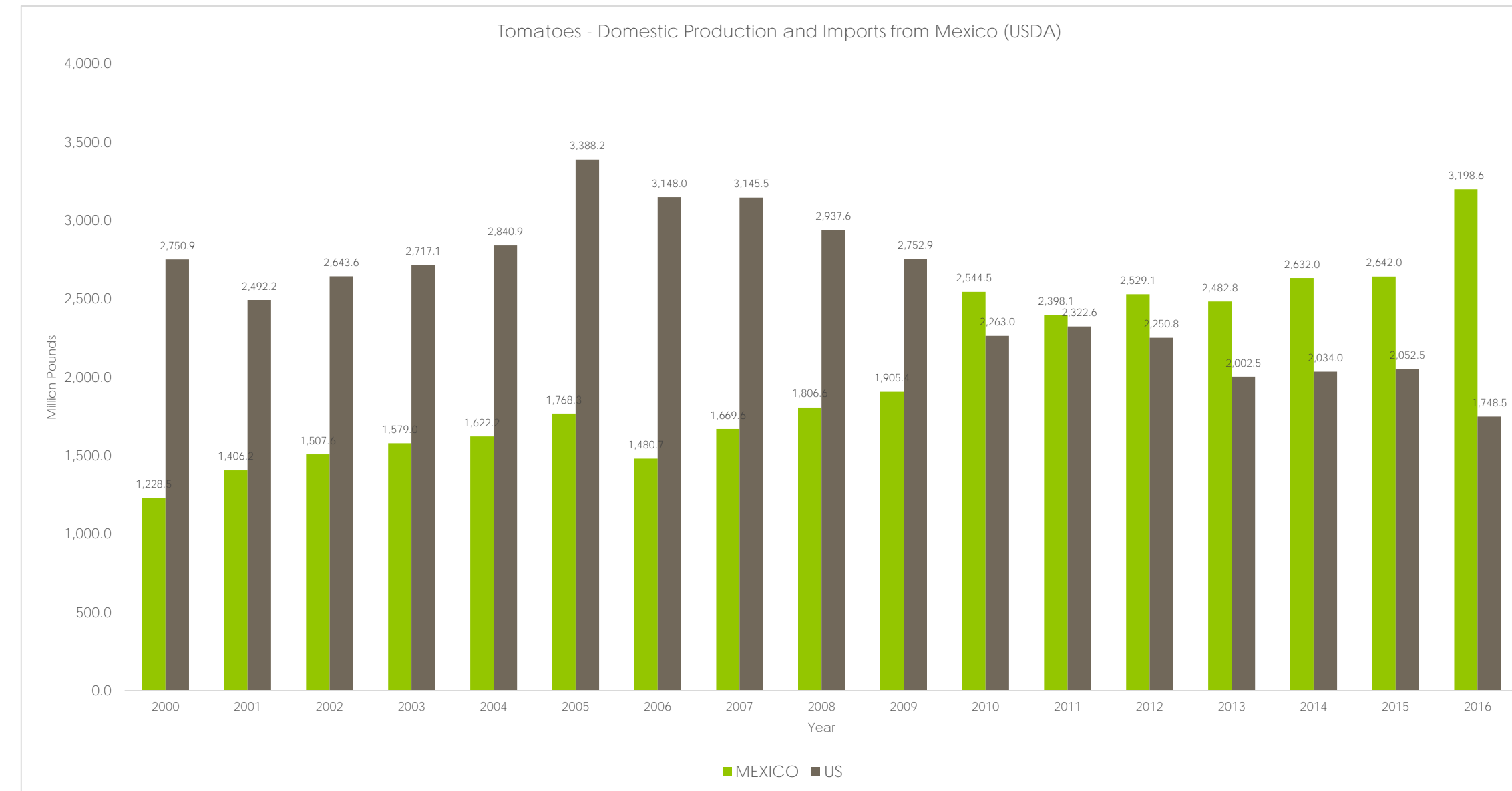
Data: Florida Department of Agriculture and Consumer Services

Florida Ag Losses to Mexico



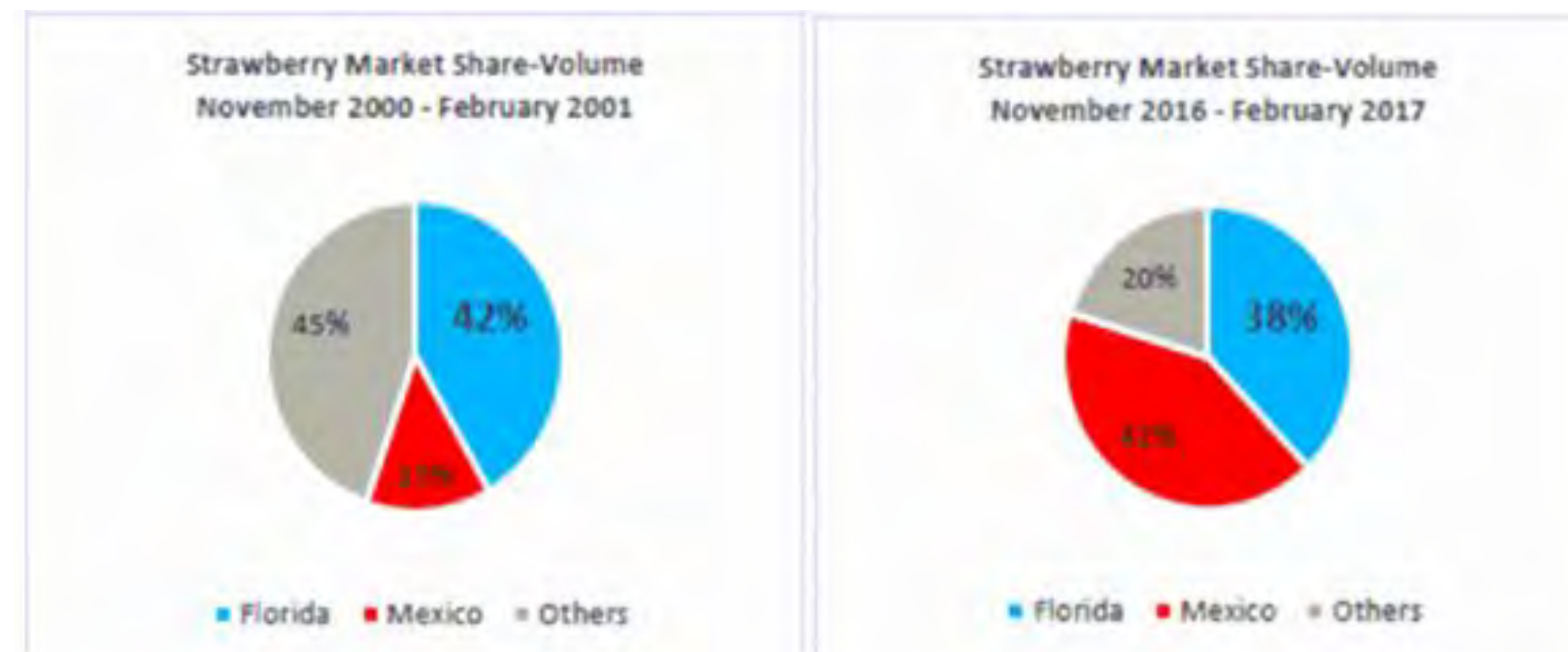
Data: Florida Department of Agriculture and Consumer Services.

- Tomatoes are a vivid example of Mexico's explosive growth in specialty crops. US imports of tomatoes from Mexico increased from 1.2 billion pounds in 2000 to 3.2 billion pounds in 2016, a 166% increase



- Data: Florida Department of Agriculture and Consumer Services.

- US imports of strawberries from Mexico have risen from 76.1 million pounds in 2000 to 216 million pounds in 2016 (a 184% increase). That expansion has compromised absolute growth and market share for domestic producers.



- Data: Florida Department of Agriculture and Consumer Services.



ALICE ANCONA

Director, International Strategy & Policy
Florida Chamber of Commerce

International Trade

EXPORTS

IN-TRANSIT

IMPORTS



SERVICES

VISITORS

INVESTMENT

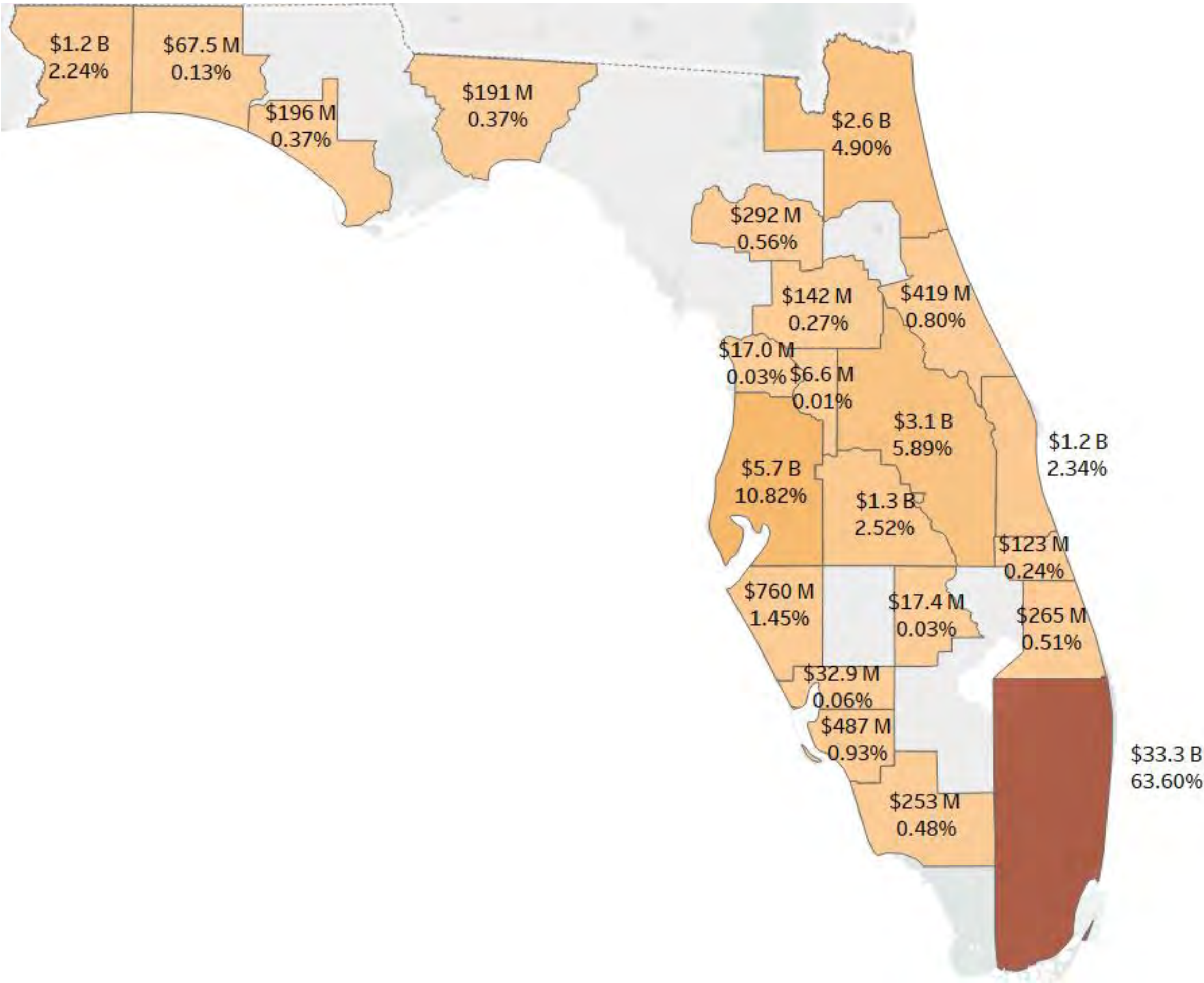
Florida's Top Global Partners

IMPORTS		EXPORTS		VISITORS		INVESTMENT	
China		Brazil		Canada		United Kingdom	
Mexico		Canada		United Kingdom		Canada	
Canada		Mexico		Brazil		Germany	
France		Colombia		Argentina		Spain	
Germany		Germany		Colombia		France	

Florida-Origin Exports and Market Share

Vermont: \$3.0 billion
Orlando-Kissimmee-Sanford: \$3.1billion
Tampa-St Petersburg: \$5.7 Billion
Arkansas: \$5.7 billion
Alabama: \$20.6 billion
North Carolina: \$29.9 billion
South Carolina: \$31.3 billion
Tennessee: \$31.5 billion
Miami-FLL-WPB: \$33.3 billion
Georgia: \$35.7 billion

Florida-origin products reached over \$52 billion in 2016.



GLOBAL COMPETITIVENESS The Florida Scorecard

IMPORTS & EXPORTS

\$52.0

Billion Exports (Declining)

\$73.7

Billion Imports (Improving)

TOP 6 IMPORTERS

29.7%

Market Share (Declining)

\$15.44

Billion (Declining)

INDUSTRY DIVERSIFICATION

24th

FLORIDA EXCHANGE RATE

76.87

EMPLOYMENT BY FOREIGN COMPANIES

327.2

Thousand (Improving)

GDP PER CAPITA

\$45,819

Improving

INCOME MIGRATION

\$879K

Per Hour



RON OLEYNIK

Partner
Holland & Knight



Florida Chamber of Commerce

North American Free Trade Agreement - Renegotiation Update

November 7, 2017

Ronald A. Oleynik
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» Negotiating Rounds

- Fourth Round ended October 15th.
- Fifth Round to start November 17th in Mexico City.
- Inter-sessional round (without ministers) in December (tentative)
- Sixth and Seventh Rounds pushed into 2018.

» Unclear why the Trump administration has agreed to let his “before the end of the year” deadline slip, but it appears that the White House wants to try to get tax reform done before NAFTA renegotiation is finished. Or may simply be that the White House feels it has momentum on the tax issue.

- » Talk of potential withdrawal continues to flow from the White House and Secretary of Commerce, Wilbur Ross.
- » U.S. Trade Representative Robert Lighthizer has been a bit less willing to resort to the withdrawal threat, but this may change if and when the next round of negotiations in Mexico City does not come up with U.S. victories.
- » Business community reaction has been pretty united, with non-ag groups working closely with ag groups to send the message that business community wants a modernized NAFTA not one which takes away fundamental protections from the original agreement.
- » From the Washington business lobby perspective, Trump administration consultation with business has been minimal, and USTR has not seemed concerned that it does not have business community support.

State of Play – Negotiating Positions

- » On the positive side, there are some strong chapters that could come out of this renegotiation. These include:
 - Digital commerce, Customs facilitation, and Sanitary/PhytoSanitary rules to make agricultural trade less subjective and more science based in terms of restrictions.
- » On the negative side, a number of anti-trade proposals have been circulated by the Trump administration. These include:
 - sunset provision, non-binding Chapter 20 dispute resolution, opt-out provisions for Ch. 11 Investor State arbitrations, the proposed revisions to the procurement chapter, seasonal ag proposal for AD/CVD, and auto & textile rules of origin changes.
 - These are being referred to as ‘poison pills’ that will kill the chances of a successful agreement on NAFTA 2.0 –both from Mexico and Canada, and from U.S. business perspectives.

U.S. Congressional Angle

On Capitol Hill:

- » There is widespread support for NAFTA, and very little support for withdrawal.
- » U.S. Congress is not happy with the idea of a Presidential withdrawal with no consultation with Congress.
- » if Trump were to withdraw without Congressional consent, there are strong statements that Trump will have a political revolt on his hands, including within the Republican Party.
- » But all of this is moot for the moment, because all discussion of NAFTA is now secondary to tax reform.

External Factors

- » Mexico's positions are likely to become more rigid as the Mexican presidential election gets closer in 2018.
- » The APEC meeting will be held starting this Saturday in Vietnam, and the so-called TPP11 (that is the Trans-Pacific Partnership without the U.S.) have been meeting on and off since President Trump announced that the U.S. was pulling out of the TPP trade negotiations.
- » There is rumor that there will be an announcement of some sort (maybe an "agreement in principle" in lieu of negotiated text) that will be meant to put maximum pressure on the United States to figure out how it will manage its trade relations with Canada, Mexico, and the TPP members.

Ronald A. Oleynik



Ronald A. Oleynik is a partner practicing in Holland & Knight's Washington, D.C., office in the area of international trade regulation. His experience includes a broad range of trade policy, industrial security, customs, export and international trade matters.

In the area of industrial security, Mr. Oleynik has been involved in a significant percentage of all foreign investment review proceedings before the Committee on Foreign Investment in the United States (CFIUS), and is one of the leading practitioners in the area of foreign direct investment in the U.S. defense industry under the U.S. regulations regarding Foreign Ownership, Control and Influence (FOCI).

Mr. Oleynik has considerable experience in the area of anti-bribery laws. He counsels clients regarding compliance and enforcement issues related to the U.S. Foreign Corrupt Practices Act. In this regard, he has helped a broad range of companies establish effective programs to address the risks inherent in operating in certain parts of the world and counsels those companies on the wide range of FCPA issues that arise on a daily basis.

He represents a wide array of clients in trade litigation before the U.S. Department of Commerce and International Trade Commission regarding Antidumping and Countervailing Duty investigations and reviews, Section 232 national security investigations and Section 332 investigations.

Read more: <https://www.hklaw.com/Ronald-Oleynik/>

Ronald A. Oleynik
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Practice

- Aviation
- International Trade
- Cuba Action Team
- China Practice
- International and Cross Border Transactions

Education

- The George Washington University Law School, J.D.
- University of Connecticut, B.A., Political Science
- The George Washington University, M.A., International Affairs

- District of Columbia

Bar Admission



SUSAN HARPER

Consul General of Canada



What's NEXT for NAFTA?

An update

Susan Harper, Consul General
Consulate General of Canada in Miami

Global Florida Webinar
Tuesday, November 7th 2017

Canada-Florida

Florida's Top Global Partners

IMPORTS		EXPORTS		VISITORS		INVESTMENT	
China		Brazil		Canada		United Kingdom	
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Canada		Mexico		Brazil		Germany	
France		Colombia		Argentina		Spain	
Germany		Germany		Colombia		France	

Canadian Presence in Florida



Floridian Investments in Canada



83 different **Florida** owned companies operate in Canada with 169 subsidiaries/locations

Where are we now?

- Do no harm
- Modernize



- Win-Win-Win
- Round 4 was difficult
- New rounds in 2018

NAFTA FACTS

NAFTA has brought economic growth and rising standards of living for people in all three countries



North America is the most extensive free trade zone in the world: close to five times the size of the European Union.



NAFTA allows free trade among more than 484 million residents.



Together, Canada, the U.S. & Mexico make up more than 28% of the global GDP.



The NAFTA region produces goods & services valued at more than \$20 trillion every year.



Trade between Canada, the U.S. & Mexico is estimated at more than \$100 million per hour.

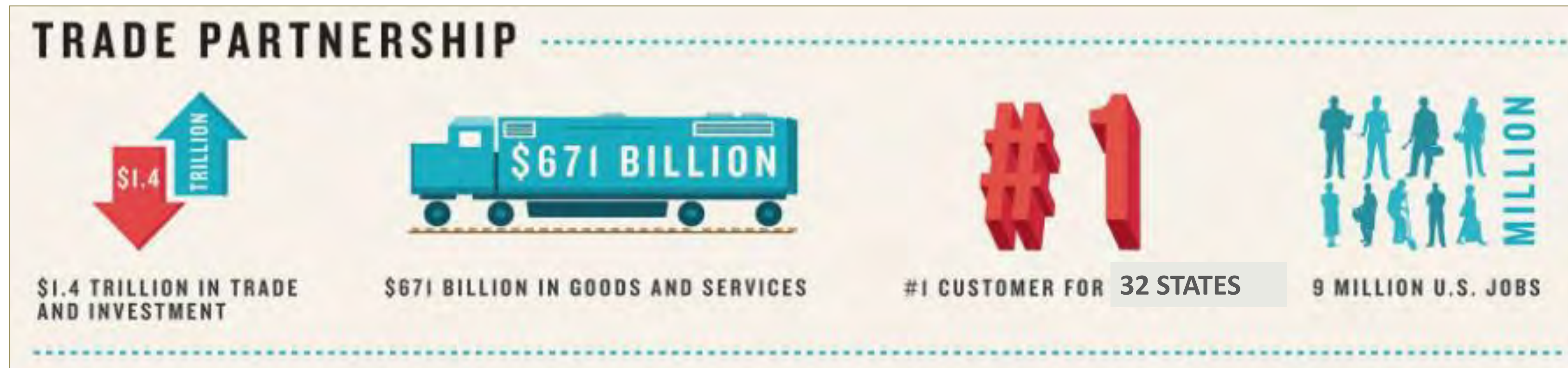


Trade with Mexico & Canada creates nearly 200,000 export-related jobs in the U.S. annually.

Canada – U.S.

We trade almost **USD \$700 billion** per year.

With investment added, this rises to **USD \$1.4 trillion**.



THE BENEFITS OF NAFTA

5.3M Jobs
Generated in Canada
since 1994

« **38.4%**
GDP GROWTH
since 1994 »

Canada imports from
the U.S. increased by
165%
since 1994

Canada exports to
the U.S. increased by
150%
since 1994

« **37.04%** »
GDP GROWTH
since 1994

31.2M Jobs
Generated in the U.S.
since 1994

U.S. imports from
Mexico increased by
637%
since 1994

U.S. exports to
Mexico increased by
455%
since 1994

« **30.17%**
GDP GROWTH
since 1994 »

18.8M Jobs
Generated in Mexico
since 1994



NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)





QUESTIONS?

**For additional information,
please contact us:**

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Upcoming Events

- December 11th, 2017- Trade and Logistics Institute Meeting-Port Canaveral
- December 12th, 2017- Florida Chamber Foundation's Transportation Summit-Port Canaveral
- January 9-11, 2018- Capitol Days, Global Florida Dinner & Economic Outlook Summit-Tallahassee
- January 16th, 2018- Global Florida Webinar "Global Trade Outlook for 2018"

www.Flchamber.com/events

For More Information

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