

FROM NAFTA TO USMCA: NEGOTIATION, SIGNATURE OF THE AGREEMENT AND COVID-19 PANDEMIC

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Since the Chinese government notified, on December 31, 2019, the World Health Organization (WHO) about a new pneumatological outbreak, originating in Wuhan city, Hubei province, the news about the disease has spread, mainly from the beginning of 2020. The presence of a new variety of Coronavirus was quickly detected and, in a short time, similar cases also appeared in other cities and regions of the country and abroad. Due to an analysis of the high levels of propagation and the severity of the disease until March, the WHO declared the COVID-19 (Sars-Cov-2) outbreak as a pandemic (WORLD HEALTH ORGANIZATION, 2020a). This declaration generated that all the countries around the world took action to control the pandemic propagation. For that reason, this article presents some discussions about measures taken by Canada, Mexico, and the United States (USA) internally and how they acted multilaterally to face the COVID-19 pandemic, considering that they are neighbors and commercial allies.

Signed in 1994, the North American Free Trade Agreement (NAFTA) formalized a free trade zone between the USA, Mexico, and Canada. Donald Trump's controversial speech in the 2016 US elections spurred the proposal to renegotiate NAFTA. Trump exploited the claims and requests of the American middle class to design his campaign platform (MAGNOTTA; LEITE, 2017) and threatened to withdraw from the deal if it was not renegotiated. However, leaving the agreement would not be so simple because the USA Congress itself opposed withdrawing the country from NAFTA. The proposal to renegotiate the agreement had the support of businessmen, political actors, and environmentalists.

The NAFTA review began in August 2017 with the first round of negotiations in

Washington and became the negotiation of a new agreement called the United States, Mexico, and Canada Agreement (USMCA)¹. The new agreement was signed by Presidents Donald Trump, Enrique Peña Nieto, and Prime Minister Justin Trudeau on November 30, 2018, within the framework of the G-20 summit in Buenos Aires, allowing Trump to deliver on his campaign promise, as well as accepting claims from domestic groups (MATTO, 2019).

Even though the USMCA had implemented new laws that protect intellectual property, the internet, investments, state-owned companies, and members' currency, it cannot be ignored that while the new agreement offers American dairy producers greater access to the Canadian market it also increases the pressure on Mexico, dealing with crucial issues such as labor laws, migration, and borders. Therefore, it is possible to observe the asymmetries between the members.

To implement the USMCA, each country applied its legislative procedures and the agreement had to be ratified by their respective national Congresses. In addition, each government had to notify its trading partners that their country was ready for the implementation of the agreement. The first to fulfill its commitment was Canada on April 02, followed by Mexico on April 03, and finally the USA on April 24. The final USMCA agreement came into effect on July 1st, in the middle of the COVID-19 pandemic.

The first confirmed case COVID-19 of contagion in the USA was announced on January 21, becoming the first case in the American continent. The rapid advance in the number of infected and accumulated deaths across the USA's 50 states led Trump to declare a national emergency on March 23, releasing up to 50 billion dollars in federal funds to fight the disease in states and locations in the USA (EL UNIVERSAL, 2020).

On January 27, the first case of COVID-19 was confirmed in Canada, and until March all the COVID-19 cases were related to persons who traveled to a country with a big number of cases. Among the economic measures taken by the Canadian government, the Protecting Health and Safety program was highlighted, it is a project to combat COVID-19 with implementation costs exceeding 25 million Canadian dollars. Within this project, there is Canada's Covid-19 Economic Response Plan, which was announced by Prime Minister Trudeau in March 2020 as an economic program. It

offered interest-free loans of up to 40 thousand Canadian dollars to individuals and Canadian companies (CANADA, 2020).

The COVID-19 cases in Mexico were reported from January 27 (BBC,2020) and the first death was reported on March 18. The Mexican government declared the health emergency on March 30 through the General Health Council (MEXICO, 2020a). Evidencing the asymmetries of the three countries, the economic measures taken by Andrés Manuel López Obrador have been aimed at avoiding the increase in public debt for stimulus packages to the Mexican country's business sector and in promoting measures to aid the poorest. Most of the budget to face the crisis is emergency funds and \$ 6.6 billion from the Income Stabilization Fund budget (AHMED, 2020). Table 1 shows the data about the confirmed cases and accumulated deaths in each country until September 25.

Trump's management has come under strong criticism regarding his stance on the pandemic. The USA, which reported its first COVID-19 death in February, led the world

Table 1. Total confirmed cases and deaths accumulated by Covid-19 in Canada, the United States, and Mexico September 25, 2020

Country	Confirmed Cases	Accumulated Deaths	Total Population	Rate of Patients Confirmed with Covid-19 (1)
Canada	147,753	9,243	37,603,000	3,929 per million population
United States	6,868,828	200,725	331,432,000	20,724 per million population
Mexico	710,049	74,949	133,870,000	5,304 per million population
World	32,029,704	979,212	7,795,482,000	4,108 per million population

Source: Own elaboration based on information from the World Health Organization (WHO) and United Nations, Department of Economic and Social Affairs, Population Division (2018).

ranking of Covid-19's confirmed cases since March 26 and reported 6,868,828 confirmed cases until September 25 (Table 1). Since the beginning of the pandemic, Trump has been minimizing the effects of the new coronavirus and ignoring the number of confirmed cases and deaths. During the first months of the COVID-19 outbreak, he rejected all concerns about the COVID-19 impact. Once the disease was declared a global pandemic, Trump promoted drugs, such as hydroxychloroquine,

generating several controversies regarding the effectiveness of the drug for the treatment of the new coronavirus.

Trump and his wife tested positive for COVID-19 in early October (MORALES; WALLER; FAZIO, 2020), and as a preventive measure, the president had to be hospitalized for three days to receive specialized treatment. His quick return to the White House and his election campaign activities increased the critics of the USA president for putting his health at risk, becoming a contagion source due to his scant promotion of preventive measures, such as not wearing a mask in public, and the political impacts in his last month of the campaign to continue in the Oval Office.

The Mexican president, President López Obrador, has also been criticized for his position towards the pandemic. In May 2020, seven governors decided to adopt their strategies to overcome the health crisis arguing that the Ministry of Health's provisions for the resumption of activities in the country were inconsistent with the reality of the states (NÁJAR, 2020). Due to the fact that López Obrador is linked to a left-wing party, a strong imposition was expected against Trump, who has anti-migration and very xenophobic speeches towards his Mexican neighbor (NÁJAR, 2020). However, López Obrador has been showing conciliation and that has generated criticisms. The relationship between both presidents was also criticized when it generated a face-to-face meeting² in the White House to commemorate the entry into force of the USMCA (FOLHA, 2020). This celebration was not attended by Prime Minister Justin Trudeau, because of some scheduled meetings with his Cabinet and Parliament in Ottawa, even after López Obrador reiterated the invitation.

While the USA took a denialist stance on the COVID-19 risk, Canada stood out by establishing a lockdown system where foreigners, other than Americans, were not admitted to its territory. In addition, other measures were taken to prevent the spread of COVID-19, such as the implementation of a tracking application that allows knowing if a person has been in contact with another infected person. The high level of reliability that the government and public health officials, as well as broad access to health, has made Canada far better than its neighbors. Even so, the beginning of September marked a further increase in cases in Canada (AGENCE FRANCE-PRESSE, 2020).

The USMCA does not have an institutionalized mechanism to coordinate joint

actions in emergencies such as the current pandemic, therefore, in the words of Martha Bárcena Coqui, Ambassador of Mexico to the USA "fuimos improvisando sobre la marcha" (UNITED STATES, 2020a). According to the Secretariat of Foreign Affairs of Mexico, in the context of the response to the pandemic, the relationship between the three countries was strengthened keeping the continuous communication between the chancelleries (MEXICO, 2020b). Since March 21, the USMCA has established agreements to limit the movement of common land borders to essential travel (UNITED STATES, 2020b). Those actions were extended until November 21, in response to the periodic reassessment of the pandemic advance. Besides restricting the COVID-19 dissemination, their objective is to guarantee the transit of essential goods and services, the continuity of supply chains, and the movement of emergency workers and workers involved in basic activities.

The COVID-19 crisis brought the need to rethink global supply chains, reflecting improvements in the resilience of global operations - simplifying and shortening supply chains (WEMER, 2020). In this context, the three countries identified areas of joint coordination to respond to economic, health, and security challenges, focusing on common practical challenges for consular and diplomatic work in the context of the pandemic, through political dialogue. Other examples of joint actions were the repatriation of their nationals from different parts of the world, the monitoring of channels for the supply of essential medical supplies, the control of borders, the identification of opportunities for multilateral collaboration and coordination mechanisms - as in the G20, in which the three are members (MÉXICO, 2020b).

The constant increase in the number of infected people with COVID-19 due to the staggered opening of economies and the uncertainty of when a vaccine will be available globally. Consequently, difficulties arise in visualizing future perspectives. As a result, the implementation of the USMCA was made more flexible, so that those involved could adapt to the new requirements of trade processes, in a pandemic scenario. A period of six months has been established, as from the entry into force of the agreement, to allow the postponement or loosening of certain rules established by the agreement, seeking to facilitate its adherence, making this transition not further prejudice those who are implementing it.

The implementation of the new agreement in a post-pandemic scenario can promote the strengthening of the regionalization of value chains in different areas, especially in health, such as the production of medical equipment. In addition, Joe Biden was elected the 46th president of the USA³, opening up possibilities for a change in the American stance in several aspects, including negationism concerning the disease, which can benefit the trade bloc, deepening themes that before they were not viable to the USA.

Notes

- ¹ The new agreement is called “United States, Mexico and Canada Agreement” (USMCA) in the United States, in Canada it is the “Canada – United States – Mexico Agreement” (CUSMA), and in Mexico it is known as “Tratado entre México, Estado Unidos y Canadá” (T-MEC).
- ² The trip of López Obrador on July 8 and 9 to the US was criticized, as in the pandemic scenario, most meetings between leaders of nations were taking place online and by video conference.
- ³ This text was edited after the submission date to indicate the winner of the United States Presidential Elections on November 7, 2020.

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