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USITC REPORT CONFIRMS: NEW NAFTA FAILS CONSUMERS, FARMERS & ENVIRONMENT

The report shows the need for a NAFTA replacement that fixes the problems created by decades of unfair trade and increasing corporate concentration in food and farming.

MINNEAPOLIS—Today, the United States International Trade Commission (ITC) released its economic analysis of the impact of the United States-Mexico-Canada Agreement (USMCA, or New NAFTA) and concluded that implementation would result in only minor gains for portions of the U.S. economy (in particular, the automobile industry). Not only does New NAFTA fall well short of the economic windfall proponents promised to Americans, it fails consumers, farmers and the environment, said the Institute for Agriculture and Trade Policy (IATP).

"If the goal of the New NAFTA is to boost the economy and improve the lives of U.S. residents, the ITC report confirms it fails miserably," said Sharon Anglin Treat, IATP senior attorney. "The ITC analysis raises the question as to why such time and effort, not to mention over-the-top rhetoric, has been devoted to promoting it."

During a rushed and secretive renegotiation process for New NAFTA, the concerns and interests of global corporations were given priority over those of farmers, workers, consumers and the environment. Therefore, not only will these transnational businesses continue to benefit—as they have during the 25 years since the original NAFTA was passed—but provisions to "lower trade costs for businesses" will limit future authority of the U.S., Canadian or Mexican governments to protect people and the environment in exchange for minimal economic gains. Tellingly, the economic and societal impact of these weakened public protections are ignored by this cursory report.

"New NAFTA isn't just a rhetorical flourish," said Treat. "The agreement is a nearly 2,000 page document with corporate giveaways larded throughout. It would slash consumer protections by limiting food safety oversight and informational labeling, lock in deregulation of the newest genetic modification techniques, and devise new ways to hide health and environmental risk information from the public."

"The ITC computer model forecasting does not include the likely impacts of non-tariff measures in New NAFTA," said Dr. Steve Suppan, IATP senior policy analyst. "New provisions streamline approval of foreign food safety, plant and animal health and animal welfare measures as 'equivalent' despite well-documented evidence they are not. New rules in New NAFTA will lock in a process to further lower U.S. food and agricultural chemical safety standards for decades. Based on the historical record, there is real reason for concern..."
over foodborne illness from imported food and New NAFTA's provisions to enable trade of legally unauthorized products of agricultural biotechnology."

The original NAFTA hurt farmers and hollowed out rural communities in the United States, Mexico and Canada, and despite claims from President Trump and U.S. Department of Agriculture Secretary Sonny Perdue that New NAFTA is needed to fix the farm economy, the ITC report shows this rhetoric does not match reality. In fact, the New NAFTA will entrench underlying structural issues, exacerbating our ongoing farm crisis, plagued by low prices, rising debt and increased bankruptcies. It locks in a system where global agribusiness firms exploit farmers and extract from rural communities in all three nations.

New NAFTA’s failure to address climate change is both reckless and dangerous. It repeats past mistakes in free trade agreements by fostering deeper North American integration of sectors that emit high quantities of greenhouse gases, such as oil, gas, mining, forestry and agriculture, charting a path forward that will accelerate climate change.

The ITC economic impact report, combined with these concerns for consumer, farmer and environmental protections highlight the need for a fresh approach to a free trade agreement that will benefit all people in the United States, Canada and Mexico.

"The ITC analysis claims that the major win is the commitment to maintain the status quo, especially for new regulations. That is simply not good enough," said Karen Hansen-Kuhn, IATP director of trade and global governance. "We need a replacement for NAFTA that actually fixes the problems created by decades of unfair trade and increasing corporate concentration in our food system. Instead, we have a business-as-usual approach to the things the ITC can measure, and new tools to limit progress on the things it can't."

IATP has been studying and tracking NAFTA and its renegotiation since before the original NAFTA came into force in 1994. A database of our past and current analyses on NAFTA and New NAFTA can be found here.

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Based in Minneapolis with offices in Washington, D.C., and Berlin, Germany, the Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems.