

Nafta Said to Gain Steam With Agreement on Anti-Corruption Moves

By Eric Martin and Josh Wingrove January 27, 2018, 9:42 AM MST <https://www.bloomberg.com/news/articles/2018-01-27/nafta-said-to-gain-steam-with-agreement-on-anti-corruption-moves>

- Chapter would be third to close since talks started in August
- Telecommunications, e-commerce also said to be near agreement

Talks to update Nafta took a step forward after negotiators in Montreal agreed to measures aimed at preventing corruption, the first official “chapter” completed since October, said five people with knowledge of the process.

The efforts to clamp down on graft and bribery had been pushed by Mexico as a new issue for the 24-year-old North American Free Trade Agreement. The measures were agreed to on Friday, according to the people, who asked not to be identified speaking before a public announcement.

The three nations had agreed to similar anti-corruption measures -- such as increasing transparency in their laws, encouraging due process in legal cases and promoting integrity among public officials -- as part of the Trans-Pacific Partnership. U.S. President Donald Trump withdrew from that Pacific Rim pact a year ago, days after taking office.

Officials attending the Nafta talks were upbeat about progress in general, even as Trump continues to dangle the prospect of pulling the U.S. out of the deal.

“With every passing round of the negotiations, more and more of the contentious issues are closer to being solved,” Andrew Leslie, a Canadian lawmaker who serves as a deputy for Foreign Minister Chrystia Freeland with a particular focus on Canada-U.S. ties, told reporters on Saturday.

Corruption Perceptions

Mexico is attempting, through the anti-graft chapter, to reassure companies investing and doing business there and to attract new investment. The country ranked 123rd out of 176 in Transparency International’s [Corruption Perceptions Index](#) in 2016, behind nations including Brazil, Italy and Pakistan.

The U.S. and Canada were likewise interested in establishing the chapter to ensure fair treatment and opportunity for their companies.

Nailing down the anti-corruption chapter, on top of work finished months ago on rules for small- and medium-sized businesses and for competition, means that in five months, negotiators have completed three of about 30 chapters likely to form the updated deal. Chapters on telecommunications and e-commerce are also said to be near agreement.

The next test for the current round of talks, and for the Nafta process in general, will be how much progress is made in a meeting on Monday between Freeland, U.S. Trade Representative Robert Lighthizer and Mexican Economy Minister Ildefonso Guajardo.

[From cars to cows, here’s where Nafta talks stand on big issues](#)

Mexico and Canada began negotiating with the U.S. in August at the initiative of Trump, who's repeatedly said the Nafta accord led U.S. companies to fire workers and move factories to Mexico -- a "horrible deal" for the U.S.

Trump has promised to negotiate a better deal for America or withdraw. Yet as recently as Thursday, at the World Economic Forum in Davos, the president sent mixed signals. "I may terminate Nafta, I may not," he said in an interview with CNBC. "We have a good chance" at renegotiating, Trump added.

The most contentious issues in the talks have included a proposal to require more auto manufacturing in the U.S., seasonal barriers to agriculture trade, access to U.S. procurement deals, dispute resolution mechanisms, and a clause that would terminate the deal after five years unless the nations agree to continue it.

The media office of the USTR declined to comment, spokesmen for Canada's Freeland, and the press office of the Mexican Economy Ministry all declined to comment.