

## Mexico will not accept more labor enforcement in new NAFTA, top official says

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House Speaker Nancy Pelosi has said enforcement of the USMCA is the “overarching” issue that must be dealt with as part of the deal. | Alex Edelman/Getty Images

A top Mexican official delivered an ultimatum to Democrats on Friday, saying the country will not accept a stronger labor enforcement mechanism in the new North American trade pact and will not support reopening the deal to further negotiation.

“We don’t see what more is necessary or possible,” Jesús Seade, Mexico’s undersecretary for North America, told POLITICO in an interview on Friday, days after Mexican lawmakers passed a landmark labor reform law required by the U.S.-Mexico-Canada Agreement.

“The labor provisions in the agreement are very far-reaching. It’s a complete A-through-Z of good labor practices. There is nothing else you may want,” he added.

Seade’s comments come as House Speaker Nancy Pelosi and Democrats have intensified calls for the Trump administration to make changes to the text of the USMCA.

Pelosi has specifically said enforcement of the agreement is the “overarching” issue that must be dealt with as part of the deal — not through a side letter or subsequent legislation — before Democrats will consider the NAFTA

replacement. Democrats want stronger labor provisions, but also changes to the deal's environment and prescription drug provisions.

Seade, who is the leading voice on U.S.-Mexico trade issues in the administration of new Mexican President Andrés Manuel López Obrador, directly shut down a proposal floated by Senate Finance ranking member Ron Wyden (D-Ore.) and Sen. Sherrod Brown (D-Ohio) that would require Mexico to conduct inspections of factories accused of poor working conditions.

"Not only [is Mexico] against that proposal, but also, we don't envision at all any reopening of the agreement," Seade said.

Seade's comments on the Wyden-Brown proposal also mark a shift in Mexico's position, as Mexican Ambassador to the U.S. Martha Bárcena said recently that Mexico would be open to a labor enforcement tool as long as inspections of factories would also take place in the United States.

In recent weeks, Democrats had cranked up the pressure for Mexico to deliver on its promised labor commitments. After the labor law was passed on Monday night, some Republicans on Capitol Hill, particularly Senate Finance Chairman Chuck Grassley (R-Iowa), said it was time for Democrats to take up the agreement.

While ratification of the deal is the top legislative priority for the Trump administration this year, U.S. Trade Representative Robert Lighthizer has said the administration will not submit a bill to implement the pact until Pelosi asks for it. The top House Democrat has said she wants to see how Mexico implements the new law, which overhauls the country's labor structure.

Seade repeatedly emphasized that Mexico will fully enforce the labor reforms because it is a major domestic priority for López Obrador — and not because the U.S. is forcing the Mexican government to do so.

"The moment there is any departure from the commitments, the U.S. has the means to exercise retaliation, to exercise pressure through dispute settlement. That shouldn't be minimized," said Seade, who served as López Obrador's chief NAFTA negotiator during the transition from former Mexican President Enrique Peña Nieto's administration.

Seade added that long-term concerns about labor enforcement in Mexico can also be addressed when it comes time to review USMCA. The new pact includes a so-called sunset review clause, which requires that the three countries review the agreement every six years after it enters into force.

"If by that time the U.S. has any basis to fear that Mexico is rolling back some of its commitments on labor, it would be perfectly possible to then say: 'For us to continue, we want this,'" he said.

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