

NAFTA 'handshake' deal with Mexico targeted for Thursday

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Mexico's Economy Secretary Ildefonso Guajardo Villarreal (left) and U.S. Trade Representative Robert Lighthizer shake hands after posing for a group photo at a press conference in Mexico City on Sept. 5. | Marco Ugarte/AP Photo

The Trump administration is planning to formally announce on Thursday that it has reached a breakthrough in NAFTA talks with Mexico, clearing the way for Canada to rejoin negotiations to modernize the free trade pact, three sources close to the talks told POLITICO.

The sources said time has been cleared on the White House schedule for the announcement, where President Donald Trump is expected to be in attendance. Officials are expected to announce that the U.S. and Mexico, which have been meeting for the past several weeks, have made enough progress on various two-way issues to be able to announce what one source described as a "handshake" deal.

The announcement is also expected to include details of when Canadian officials will be returning to Washington to resume talks with the other two nations. It will likely be a U.S.-only announcement rather than one made alongside Mexican officials, who are eager to close bilateral talks but wary of making any formal announcement before Canada is in, one of the sources said.

The sources cautioned that the schedule could change before Thursday. Whether the announcement moves forward as planned could depend on how a high-level

meeting scheduled for Wednesday goes between U.S. Trade Representative Robert Lighthizer and Mexican Economy Secretary Ildefonso Guajardo.

But putting an announcement on the White House calendar shows that administration officials are bullish on their prospects of working out any remaining issues with Mexico in the next couple of days. Mexico has for weeks been pressing to wrap up at least a preliminary deal by Aug. 25 in order for current President Enrique Peña Nieto to have time to sign it before he leaves office Dec. 1.

The Office of the U.S. Trade Representative said that as of Tuesday night, no deal had been reached.

"There is no deal on NAFTA. There are major issues outstanding," a USTR spokesperson said.

The White House did not immediately respond to a request for comment.

The U.S. and Mexico have been focused primarily on negotiating contentious automotive rules that govern how much of a car must be sourced from within North America to qualify for reduced tariffs under NAFTA. The U.S. has been seeking to increase that threshold and to add new mandates requiring a certain percentage of each car be produced by workers earning at least \$16 an hour.

It was unclear as of Tuesday night where the two sides had come out on the issue, but sources told POLITICO recently that Mexico had agreed to accept stricter auto rules in exchange for the U.S. dropping other controversial demands and leaving a chapter largely untouched that contains rules on disputes between governments.

Trump himself indicated at a rally in West Virginia Tuesday night that talks with Mexico were close to completion.

"We're on our way with a good deal — a fair deal with Mexico," he said.

Ian Kullgren contributed to this report.

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