

November 09, 2018

ARTICLE

Implications of the US Midterm Election on the USMCA

The conclusion of negotiations to revise the NAFTA have made the North American trade situation somewhat less volatile. Congressional approval of trade agreements, however, is always a close thing. Democratic control of the House adds to uncertainty as to whether the USMCA will be approved by Congress in the new year and whether it will become a bargaining chip in other legislative battles. A further wildcard is the extent to which the Trump administration may resort to brinksmanship to get the USMCA deal approved, for example by threatening to simply withdraw the United States from the NAFTA.

More generally, we can expect to see greater Congressional oversight over the role of the Executive Branch on trade matters, particularly from the House Ways and Means Committee. It is unclear, however, whether this will translate into a clawing back of presidential power over unilateral trade measures such as the sec. 232 tariffs that the administration has imposed on Canadian steel and aluminum and threatened to impose on cars, particularly as Republicans have strengthened their hold on the Senate.

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