



Toward a Twenty-First Century Trade Agreement Recommendations from the Task Force on North American Trade Policy

1. Reforms to U.S. trade policy must go deeper than the May 10, 2007, agreement. While valuable, they do not address the most important flaws in the NAFTA template.
2. Trade agreements must address the asymmetries among trading partners and provide well-funded institutions to support weaker partners.
3. A trade agreement is no substitute for a coherent national development strategy. Increasing trade and foreign investment will not generate dynamic development without complementary policies.

Recommendations for reforms in key areas:

- **Services** - Provisions for cross-border trade in services must not undermine the efforts of national, state, and local governments to regulate in the public interest. This is particularly important now in relation to new efforts to address energy and climate change.
- **Manufacturing** – If integration is the goal, there is a need for regional funding to develop strategic industries, and governments must be permitted to take measures to ensure that future expansion of manufacturing goes beyond “enclave development” and builds genuine links to the economy.
- **Agriculture** - Reforms must address continued asymmetries in agricultural development by borrowing concepts from other trade negotiations: “special and differentiated treatment” for developing country partners; “special products” designations for key food crops; “special safeguard mechanisms” to protect against import surges; a regional investment fund for productivity-enhancing projects in developing countries.
- **Investment** – The investor-state provision should be eliminated. Governments must retain the right to enact prudential regulations of capital flows to limit contagion from “hot money.” And governments must be permitted to impose performance requirements on foreign investment to ensure that it stimulates technology transfer and domestic development.
- **Intellectual Property** – The May 10 reforms are important, but so are measures to limit the granting of second-use patents and to allow parallel importing of less expensive patented drugs from a third country. The IP regime should reflect a country’s level of development and serve to stimulate, not restrict, domestic innovation.
- **Environment** – Adding enforcement measures is an important step, but trade agreements since NAFTA have taken a step backward by eliminating some of the institutions created to monitor and promote environmental stewardship. To promote sustainable development, reforms are also needed to investment rules (to prevent regulatory chill), IP rules (to promote green technology transfer), and services language (for regulation in the public interest).
- **Labor** – Improved enforcement of agreed upon labor standards is necessary but not sufficient to protect labor rights and promote employment and quality jobs. Agreements should set up and fund strong labor commissions to develop and enforce high standards.
- **Migration** – Short of liberalizing the flow of labor across borders, those borders should not be militarized and migration criminalized. Agreements must address asymmetries and make employment-generation a top priority, in part through a well-funded regional development bank. Migrant labor and human rights must be guaranteed.

Source: “The Future of North American Trade Policy: Lessons from NAFTA,” Pardee Center Task Force Report #1, Pardee Center, Boston University, 2009: http://www.ase.tufts.edu/gdae/policy_research/pardee.html