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## Washington Shareholder Les Glick Interviewed by Bloomberg BNA International Trade Daily on NAFTA Auto Rules of Origin

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### NAFTA Talks Could Face Stormy Negotiations in Round Four

By Rossella Brevetti

North American Free Trade Agreement negotiators will face treacherous headwinds when they meet Oct. 11-15 in Arlington, Va., to continue hashing out details of NAFTA 2.0, according to trade analysts and private-sector sources.

The gloves are likely to come off as the fourth round will see U.S. offers on some of the most contentious issues in the talks, including rules of origin for autos, dispute settlement, and possibly a sunset clause that would terminate the agreement after five years unless the parties agree to renew it, the analysts said.

Proceeding with these proposals could lead to a “chaotic breakdown in the negotiations,” John Murphy, the U.S. Chamber of Commerce’s president for international policy, told reporters Oct. 6...

### Auto Rules of Origin

Lighthizer opened the NAFTA talks with a call for higher North American content and substantial U.S. content in auto and auto parts rules of origin. So far, no numbers have been put on the table by the U.S. but that is expected to change in round four...Rules of origin guide determinations on which goods qualify for preferential tariff treatment under NAFTA.

So far, conversations on auto rules of origin have discussed possible changes to the NAFTA tracing list, an auto industry source told Bloomberg BNA. NAFTA requires that a vehicle must obtain 62.5 percent of its content from inside the free trade area to qualify for duty-free treatment. NAFTA includes a “tracing” list. Regardless of country of origin, items that are not on the tracing list are considered to have been sourced from the NAFTA region.

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The U.S. has discussed adding steel and electronics to the tracing list, according to the source.

Trade attorney Leslie A. Glick , with Butzel Long, D.C., told Bloomberg BNA that the proposal for substantial U.S. content faces heavy opposition in the auto parts industry and elsewhere. Glick , who advises auto parts makers, said that “people are very happy with the 62.5 percent and don’t want to see that toyed with.” He added that there were questions about whether a NAFTA U.S. content requirement would violate World Trade Organization commitments. “There could be legal challenges,” he said, adding that the idea also faces opposition from some key lawmakers. In addition, Glick said that rules of origin discussions in the next round could also focus on heavy machinery.

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