

## **Farewell to the NAFTA and Welcome to the USMCA/CUSMA/T-MEC**

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After more than twenty-five years, the highly successful North American Free Trade Agreement (NAFTA) will enter into retirement on July 1st, 2020, as it is replaced and superseded by the new regional trade agreement between Canada, Mexico, and the United States.

The NAFTA has been an important source of stability and opportunity for businesses throughout North America, establishing a system of rights, obligations and rules that have liberalized cross-border trade and investment in a predictable manner, reflecting the negotiated outcomes of its members. Although the NAFTA has not been without its challenges, including the adverse effects of supply chain consolidations as an integrated North American market emerged, it has generally enhanced the competitiveness and profitability of the stakeholders that have leveraged its benefits. It remains one of the earliest and most successful examples of a modern regional trade agreement.

This is by no means the end of an era. The NAFTA has established the very foundation of the new agreement, which is variously referred to as the “USMCA” in the United States, the “CUSMA” in Canada, and the “T-MEC” in Mexico.

That said, there are many new provisions and changes that will enter into force with the new agreement, and some of these differences — as well as how they will interact with one another — will not become fully apparent to stakeholders until they are encountered in practice. For all market participants, there are bound to be some interesting times ahead.

Tereposky & DeRose regularly provides advice on the interpretation, application, and implementation of international trade agreements. Should you have any questions regarding the CUSMA/USMCA/T-MEC or any other trade matter, we are at your disposal.

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