



is the border tax crossing the line?

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It is far too early to discern the extent of any change to the relationship between the U.S. and Mexico in the face of the oft-repeated insistence of the Trump campaign to "renegotiate" NAFTA, a promise that was reiterated once Mr. Trump was sworn into office. Following a prickly meeting last month between President Trump and Mexican President Enrique Peña Nieto, accounts from Mexico report the government as having started consultations with its business community, a process described as taking 90 days. The results of those consultations and how they might impact any further discussions with the U.S. remain to be seen. Similarly, President Trump and Canadian Prime Minister Justin Trudeau also met last month, but under somewhat more cordial circumstances. Again, next steps with Canada remain an open question. However, the overarching theme is the oft-repeated promise from the Trump Administration that a border tax will be imposed. While nothing concrete has been proposed to date, how such a border tax might work has understandably caused varying levels of concern among American companies. Given there is nothing concrete to examine, in this Alert, we seek to provide a brief explanation of the concepts being bandied about.

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