Main takeaways

- By means of the media data (GDELT), we can monitor both the coverage and tone of NAFTA considering the main sources of information by country (US, Canada and Mexico)

- Media coverage increased at key moments during the NAFTA renegotiation process since President Trump’s victory. Negotiation rounds have drawn special interest. In general, media sentiment has been negative. Positive values were observed in April 2018 when expectations to reach an agreement were higher than ever.

- Media related topics regarding NAFTA have increased over time, highlighting topics such as the “Poisson pills”, specially “the sunset clause” and the changes to the rules of origin in the automotive sector.

- Uncertainty regarding NAFTA will remain and negotiations could be in standby until US midterm elections. Big data analysis is a tool that provides a framework with which to analyze this process.
Roadmap NAFTA: Main takeaways

18-May: US Trade representative Robert Lighthizer submits notice of intent to Congress to renegotiate NAFTA via fast-track statute

26-June: Mexican Economy Secretary opens dialogue with chambers to renegotiate NAFTA

30-June: Canada announced the start of consultations for renegotiation of NAFTA

Before negotiation started

First four rounds of negotiation

Technical Meeting

5th round: 17-21 Nov

4th round: 11-14 Oct

3rd round: 23-27 Sep

2nd round: 1-6 Sep

1st Round: 16-20 Aug.

Fifth round to end of favorable window period

6st round: 23-28 Jan

In this round US delegation launched the so-called poison pills:
- rules of origin from American content (RoO)
- dispute resolution
- sunset clause

Before negotiation started

First four rounds of negotiation

Period 2

Period 3

11-14 Oct: 4th round

17-21 Nov: 5th round

1st Round: 16-20 Aug.

2nd round: 1-6 Sep

3rd round: 23-27 Sep

Roads of negotiation

Key dates in the process

Begin of the renegotiation process

Today

30-March Mexican presidential campaigns begin

17-May President favorable window to renegotiate the NAFTA ends

6-Nov US holds midterm elections

1-Dec Mexican Presidential inauguration date

30-June US fast track expires

1-July Mexican presidential elections

18-May: US Trade representative Robert Lighthizer submits notice of intent to Congress to renegotiate NAFTA via fast-track statute

26-June: Mexican Economy Secretary opens dialogue with chambers to renegotiate NAFTA

3-June: Canada announced the start of consultations for renegotiation of NAFTA
**Data description**

**Global Database on Events Location and Tone**

Open database of human society from every corner of the globe dating back to 1979 …

… including over 300 events around the world and more than 30,000 themes…

… georeferenced across the entire planet…

… and collecting emotions using some of the most sophisticated algorithms

To monitor NAFTA media sentiment and coverage considering national sources of information:

120 United States sources

52 Canadian sources

30 Mexican sources

* Further information about media sources could be found in the annex.
The media closely followed most of the negotiation rounds and previous key moments such as the US election.

NAFTA media coverage by national sources (15 days moving average, normalized)

- **Time before the activation of the process of renegotiation of NAFTA:** There are periods of strong coverage in the press on the issue: the presidential election in the US and the takeover of Trump.
- **The formal start of the renegotiation of NAFTA attracted attention mainly from the Canadian and North American media.**
- **The third to fifth rounds were followed closely by the press of the three countries.**
- **The sixth round caused great expectation in the three countries given the optimistic signals in the three delegations to bring proposals.**

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**Legend:**
- X: Negotiation rounds
- TM: Technical meetings
Media sentiment reflected the initial optimism and eventually the lack of agreement derived from the systematic protectionist stance in the US.

**NAFTA media sentiment by national sources**

- **Range, all sources**
- **MEX 7 days ma**
- **USA 7 days ma**
- **CAN 7 days ma**

### Key Events:

- **Sugar Deal (“Round zero”)** was the first negotiation round between both US-MEX delegations.
- The first two rounds took place in a tense environment with constant signs of breaking the agreement by the US.

- The third round concluded with advances in telecommunications, digital commerce competition policies and better customs practices. Tensions remained on issues of labor standards proposed by Canada and seasonal limits on Mexican exports, proposed by the US.

- **Negotiation rounds**: Rounds 4 and 5 passed without agreements on the most crucial issues. The US maintained its pressure to break the agreement, which was reflected in a more negative media tone.

- **Tone improved as the possibility of reaching an agreement increased**.

- After exhausting the time for a favorable negotiation and not reaching an agreement, the tone in the three countries reached the minimum observed level.

- The tone regarding NAFTA has been generally negative, except for specific periods where a satisfactory outcome of the negotiation seemed to be close, such as during April 2018 where everything seemed to indicate that a good agreement would be reached soon.

- The lack of agreement after May 17 was reflected in a sharp fall of the media sentiment.
Media coverage of related topics with NAFTA has increased over time. Trade, economics and government management & taxation are the most relevant ones.
Media sentiment and coverage evolution of the most related topics with NAFTA

Coverage in media*
Darker blue refers to more mentions
- Attention on trade issues grew when the poison pills were proposed and from there on in subsequent rounds
- Impasse in the Christmas period
- Once the favorable period to reach the agreement (July) ended, attention has been focused on other issues such as migration

Tone in media*
Darker blue means more positive tone
- The tone on trade issues was better overall near the fifth round
- Good signs were also observed in May that it seemed that the signing of the treaty was imminent
- Pessimistic tones at the beginning of the negotiation and in July

* For the complete set of themes in each category please see the annex
Media coverage and sentiment evolution across regions

**NAFTA media coverage over time 2017-2018***

**NAFTA media sentiment over time 2017-2018***

Media coverage has been particularly high across Mexican regions and Eastern US. Negative media sentiment has been predominant over time and across regions.

* To see the maps in a dynamic way, please download the presentation and open it on a pdf reader program.
Media focused its attention on companies from different sectors, especially on those that could be affected by the RoO clause.

Network of companies related to NAFTA and RoO

Organizations with higher media attention are closely related to the US economy. The most relevant and interconnected belong to the automotive industry. Other important firms come from financial services and energy sectors, as well as public and international organizations.

According to the media, the RoO clause could impact three clusters of companies closely interconnected: those related to steel and aluminum (green on top), European and Japanese car manufacturers (blue on the right) and American automakers (blue on the left), especially the two largest.
Higher media coverage of NAFTA related companies operating in Mexico belong to the energy, manufacturing and technology sectors

Coverage

- Peaked in two periods for the Manufacturing and Technology sectors:
  1. October 2017: when the US put on the table the three poison pills
  2. From December 2017 to March 2018: as the 6th round approach, the expectation of a successful negotiation regarding Auto Content Rules increased. However, no agreement was reached.

- Remained relatively stable for companies from the Energy and Mining sector during the whole period

Sentiment

- Mostly negative during the whole period, but especially worsened in October 2017 (1) and right before the Mexican presidential elections (2)

- As the Mexican elections passed, sentiment appeared to show a rebound (3), since the possibility of reaching an agreement has been opened again
Higher coverage, worse sentiment and more dependence between automakers as the RoO clause remained an unresolved issue.
Main takeaways

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Annex
Media sources for each country

**Canada**


**Mexico**


**United States**

Media coverage by topic

- Corruption
- Crime
- Cartels
- Drug trade
- Organized crime
- Drugs and narcotics
- Human trafficking
- Traffic and road safety
- Taxation
- Economic policies and jobs
- Immigration
- Integration
- Family reunification
- Emigration
- Taxation and trade regulation
- Impact of trade
- Industrial zones
- Manufacturing
- Trade and FDI promotion, infrastructure
- Trade policy and investment agreements
- Regional integration
- Preferential trade and investment agreements
- Trade linkages, spillovers, and connectivity
- Competition policy
- Trade
- Trade competitiveness and diversification
- Trade facilitation and logistics
- Customs and border management
- Trade policy and integration
- Trade policy
- Non-tariff measures
- Trade in services
- FDI spillovers
- Diplomacy and negotiations
- National protection and security
- Border security
- Arms control
- Negotiations
- Tax policy
Monitoring NAFTA with Big Data

Research Data Science
July 2018

Creating Opportunities