

CALIFORNIA CHAMBER of COMMERCE



February 16, 2018
via fax

To: Members of the California Congressional Delegation

From: (Mrs.) Susanne T. Stirling
Vice President, International Affairs
California Chamber of Commerce

Re: Support for Ongoing NAFTA Negotiations

Thank you for the opportunity for the California Chamber of Commerce to comment again on the North American Free Trade Agreement, as the United States continues negotiations on February 25 with Canada and Mexico regarding modernization. We understand that NAFTA was negotiated more than 25 years ago, and, while our economy and businesses have changed considerably over that period, NAFTA has not. We agree with the premise that the United States should seek to support higher-paying jobs in the United States and to grow the U.S. economy by improving U.S. opportunities under NAFTA.

The provisions of the North American Free Trade Agreement with Canada and Mexico have been beneficial for American industries, agricultural enterprises, farmers, ranchers, energy companies and automakers. Any renegotiation of NAFTA must recognize the gains achieved and ensure that U.S. trade with Canada and Mexico remains strong and without interruption.

The CalChamber actively supported the creation of the North America Free Trade Agreement among the United States, Canada and Mexico, comprising 486.9 million people with combined annual trade with the United States being around \$1.139 trillion in 2017. In 2017, goods exports totaled over \$525.46 billion while goods imports totaled nearly \$614.02 billion.

The CalChamber's long-standing support for NAFTA is based upon an assessment that it serves the employment, trading and environmental interests of California and the United States, as well as, Canada and Mexico, and is beneficial to the business community and society as a whole. Since 1993, trade among the three NAFTA countries has nearly quadrupled.

Now that the renegotiation process is underway, the California Chamber of Commerce urges a quick and efficient process, and one that does not hinder ongoing trade and investment among the three NAFTA members who must be kept united in the same end-goal of a successful renegotiation. As this process continues, the Trade Promotion Authority with its objectives and procedures should be followed

Mexico

Mexico continues to be California's number one export market, purchasing 15.5 percent of all California exports. California exports to Mexico amounted to \$26.7 billion in 2017, an increase from 2016. Computers and electronic products remained California's largest exports, accounting for 22 percent of all California exports to Mexico. Exports of transportation equipment and machinery from California to Mexico grew to total over \$5.68 billion; with chemicals continuing to be a strong export sector as well.

Canada

Canada remained California's second largest export market, with California exports to Canada increasing to over \$16.77 billion in 2017. Canada purchases over 9.7 percent of all California exports. Computers and electronic products remained California's largest exports to Canada, accounting for over 30 percent of all California exports to Canada. California exports to Canada directly and indirectly support approximately 110,000 jobs in California, with many of those resulting from export growth under NAFTA.

Tourism

Globally, no markets have bigger impacts on California's tourism economy than Mexico and Canada. In 2016, travelers from Mexico spent \$3.2 billion in California, while Canadians spent more than \$2 billion.

Goals of NAFTA

The goals of NAFTA are to eliminate trade barriers and facilitate movement of goods and services across borders, promote fair competition, increase investment opportunities, provide protection and enforcement of intellectual property rights, create procedures for trade disputes, and establish a framework for further trilateral, regional, and multilateral cooperation to expand the trade agreement's benefits.

The United States should be committed to a swift and efficient NAFTA renegotiation. Global trade is crucial to the world economy, and trade agreements are an integral part of that success. We wish you the best, as you move swiftly to complete this important task.

Thank you for your consideration.

Sincerely,



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