

California District Export Councils



May 22, 2019

To: Members of the California Congressional Delegation (via fax)

From: Dean Fealk, DLA Piper/ Chair, Northern California DEC
Tsvi Guy, Vecron Exim/Chair, Central California DEC
Timothy E. Kelley, Imperial Valley EDC/Chair, San Diego & Imperial DEC
Marvin Sepe, CTC Global Corporation/Chair, Southern California DEC
Cary Wanner, City National Bank/Chair, Inland Empire DEC

Re: Support for U.S.-Mexico-Canada Agreement

Thank you for the opportunity for the five California District Export Councils to comment on the U.S.-Mexico-Canada Agreement, as the United States Congress considers approval of the USMCA.

We understand that the original 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 the new USMCA.

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.

The over 60 District Export Councils (DEC) nationwide contribute leadership and international trade expertise to complement the U.S. Commercial Service's export promotion efforts through counseling businesses on the exporting process and conducting trade education and community outreach.

The DEC members are appointed by the Secretary of Commerce. These international trade professionals use their knowledge and international business experience to act as consultants to small and medium sized businesses who want to export their products into markets outside of the United States.

For more than 40 years, DECs have served the United States by assisting companies in their local communities' export, thus promoting our country's economic growth and creating new and higher-paying jobs for their communities.

The California District Export Councils actively supported the creation of NAFTA among the United States, Canada and Mexico, comprising 484.3 million people with combined annual trade with the United States being around \$1.228 trillion in 2018. In 2018, goods exported totaled over \$563.729 billion, while goods imported totaled nearly \$665.008 billion.

The California District Export Councils' 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.

Mexico continues to be California's number one export market, purchasing 17 percent of all California exports. California exports to Mexico amounted to \$30.7 billion in 2018, an increase from the previous years. Computers and electronic products remained California's largest exports, accounting for 25.8 percent of all California exports to Mexico. Exports of transportation equipment and non-electrical machinery from California to Mexico totaled over \$5.9 billion; with electrical equipment and components increasing by almost \$500 million as well.

Canada remained California's second largest export market, with California exports to Canada increasing to over \$17.75 billion in 2018. Canada purchased 9.9 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. Two-way trade with Canada directly and indirectly supports approximately 1,166,00 jobs in California, with many of those resulting from export growth under NAFTA.

Per the US Trade Representative's Office, Agreement highlights include:

Creating a more level playing field for American workers, including improved rules of origin for automobiles, trucks, other products, and disciplines on currency manipulation.

Benefiting American farmers, ranchers, and agribusinesses by modernizing and strengthening food and agriculture trade in North America.

Supporting a 21st Century economy through new protections for U.S. intellectual property, and ensuring opportunities for trade in U.S. services.

New chapters covering Digital Trade, Anticorruption, and Good Regulatory Practices, as well as a chapter devoted to ensuring that Small and Medium Sized Enterprises benefit from the Agreement.

Further:

The USMCA supports more than 11 million American jobs.

U.S. manufactured goods exports to Canada and Mexico support the jobs of more than 2 million Americans at more than 43,000 manufacturing firms across the U.S. Thirty-eight out of 42 manufacturing sectors count Canada or Mexico as their first or second largest foreign purchasers.

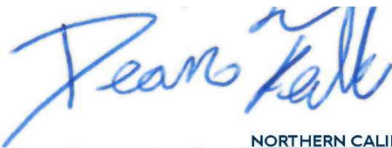
Canada and Mexico are the top two export destinations for U.S. small and medium-sized enterprises, more than 120,000 of which sell their goods and services in Canada or Mexico.

The objectives of the USMCA are to eliminate barriers to trade, promote conditions of fair competition, increase investment opportunities, provide adequate protection of intellectual property rights, establish effective procedures for implementing and applying the agreements and resolving disputes, and to further trilateral, regional and multilateral cooperation.

The United States should be committed to a swift and efficient approval of the USMCA. 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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