

CALIFORNIA CHAMBER of COMMERCE



December 16, 2019

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

From: Mrs. Susanne Stirling, Vice President, International Affairs

Re: U.S.-MEXICO-CANADA AGREEMENT - SUPPORT

Now that an agreement has been reached and an updated United States-Canada-Mexico Agreement was signed in Mexico on Tuesday, December 10th, the California Chamber of Commerce once again urges support and a timely approval of the USMCA by the United States Congress. Recently returned from a California Mission to Mexico City in October, the importance of this North American Agreement is increasingly apparent to our business members.

We understand that the original North American Free Trade Agreement (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 NAFTA with Canada and Mexico have been beneficial for American industries, agricultural enterprises, farmers, ranchers, energy companies and automakers.

The California Chamber of Commerce, established in 1890, is the largest and most broadly-based employer representative in Sacramento. Its members include more than 14,000 firms of all kinds and sizes, representing three million jobs--one quarter of the state's private sector workforce, as well as 300 affiliated local chambers of commerce and 200 trade associations.

The California Chamber supports expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.

The CalChamber actively supported the creation of NAFTA among the United States, Canada and Mexico, comprising almost 495 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.

Our organization'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.

Mexico continues to be California's No. 1 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 year. 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 topped \$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 more than \$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 U.S. Trade Representative's Office, USMCA highlights include:

- Creating a more level playing field for U.S. workers, including improved rules of origin for automobiles, trucks, other products, and disciplines on currency manipulation.
- Benefiting U.S. 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 U.S. 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 United States. 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.