CALIFORNIA CHAMBER of COMMERCE

CalChamber

November 3, 2025

Mr. Daniel Watson
Assistant U.S. Trade Representative for the Western Hemisphere
Office of the United States Trade Representative
Washington, D.C. 20508

RE: OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
Request for Comments on the Operation of the Agreement between the United States of America, the United Mexican States, and Canada
Docket number USTR–2025–0004

Dear Mr. Watson,

The California Chamber of Commerce is pleased to submit public comments, as the Office of the United States Trade Representative is commencing a public consultation process in advance of the Joint Review of the Agreement between the United States of America, the United Mexican States, and Canada (USMCA) on July 1, 2026.

Since the early 1990’s, the California Chamber of Commerce has supported the concept and establishment of a North American Free Trade Agreement (NAFTA) 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.

That support continued during the first President Trump Administration when the United States, Mexico, and Canada reached an agreement to modernize the 25-year-old NAFTA into a 21st century, high-standard agreement.

The USMCA has been and is a necessary modernization to the NAFTA that recognizes the impact of technology on the three countries’ economies. There were new chapters on good regulatory practices, digital trade, small and medium-sized enterprises (SMEs), the environment, and labor. In total there were 34 chapters: 10 new chapters and 24 modernized chapters.

The CalChamber continues to believe the United States-Mexico-Canada Agreement supports mutually beneficial trade leading to freer markets, fairer trade, and robust economic growth in North America.

Now as all three countries have begun to organize for the six-year USMCA review in July 2026, the CalChamber continues to support the objectives of the USMCA 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 process, which begins in year six of the pact or 2026 and allows each country to either confirm its desire to extend the agreement or raise concerns that it wants to address, is crucial. In the latter scenario, the three countries will continue the review every year until either the concerns are resolved, or the pact is terminated in year 16. Therefore, with California's position as a global leader in international trade, the priorities of the USMCA are important to the CalChamber's members and the overall economic health of our state.

California's economy is diverse, and the state's prosperity is tied to exports and imports of both goods and services by California-based companies, to exports and imports through California's transportation gateways, and to movement of human and capital resources. International trade and investment are major parts of our economic engine that broadly benefit businesses, communities, consumers and state government.

The CalChamber encourages interest in and understanding of international trade as a vital part of our economy. Too often the positive economic impact of international commerce on our state's economy is taken for granted, without considering that:

- Exports bring in new money;
- Imports bring in more cost-effective materials and resources; and
- Investment provides new economic development in our state.

California is proof positive of that formula. California's gross domestic product (GDP) is over $4 trillion, placing California behind only the United States, China, Germany and Japan in global rankings. In 2024, California exported $183.34 billion to more than 225 foreign economies. California's top export markets are Mexico, Canada, China, Japan and Taiwan.

California Chamber of Commerce

The California Chamber of Commerce serves as an advocate and resource for California employers to engage in activities, domestically and internationally, that enhance the California economy and make the state a better place to live, work and do business.

For more than 125 years, CalChamber has been dedicated to maintaining our state's economic vitality by meeting the needs of California employers. Representing more than 14,000 companies of all types and sizes, CalChamber is one of the state's largest, broad-based nonprofit organizations. CalChamber members employ one-fourth of the private sector workforce in California. More than two-thirds of CalChamber members have 100 or fewer employees.

USMCA Statistics

The United States, Canada and Mexico comprise more than 520 million people (6.3% of the world's population), more than $33 trillion in gross domestic product (GDP) (nearly 30% of world GDP), and $1.8 trillion in goods and services trade (5.5% of $33 trillion in total global trade). More than 13 million American jobs depend on trade with Mexico and Canada. The USMCA provides duty-free access for nearly all goods traded among the three countries.

The importance of total U.S. - USMCA goods trade at $1.601 trillion cannot be overstated – with a total of $683.94 billion in exports to Mexico and Canada including transportation equipment ($116.69 billion), computer and electronic products ($80.47 billion), chemicals ($69.03 billion), non-electrical machinery ($63.99 billion), and petroleum and coal products ($49.06 billion).

Total U.S. imports from Mexico and Canada of $917.41billion include transportation equipment ($238.95 billion), oil and gas ($117.91billion), computer and electronic products ($104.75 billion), electrical equipment, appliances and components ($54.13 billion), and non-electrical machinery ($52.51 billion).

Mexico Trade Statistics

In the last 20 years, two-way trade in goods between Mexico and the United States increased dramatically from $81.4 billion in 1993 to $839.56 billion in 2024, up from $796.55 billion in 2023. Today, Mexico stands as the United States' largest trading partner. Since 1995, Mexico has been a top trading partner for the U.S.

United States' exports to Mexico totaled $334.04 billion in 2024. Mexico is the first or second largest trading partner for more than half of U.S. states. Top export categories from the U.S. to Mexico included computer and electronic products, transportation equipment, petroleum and coal products, chemicals, and non-electrical machinery. There are over 50,000 small and medium sized enterprises in the U.S. that export to Mexico.

Mexico continues to be California's No. 1 export market, purchasing 18.1 percent of all California exports. California exports to Mexico amounted to $33.47 billion in 2024. Computers and electronic products remained California's largest exports, accounting for $6.63 billion of all California exports to Mexico. Exports of transportation equipment, non-electrical machinery, electrical equipment, appliances, and components, and processed foods from California to Mexico made up $3.90 billion, $3.19 billion, $2.51 billion, and $2.44 billion respectively. California was the second largest exporting state to Mexico in 2024.

Also in 2024, California imported $64.27 billion in goods from Mexico. The top import categories were transportation equipment, computer and electronic products, agricultural products, electrical equipment, and miscellaneous manufactured goods. California was the third largest importing state for goods from Mexico in 2024.

Mexico FDI Statistics

U.S. foreign direct investment (FDI) into Mexico totaled $159.22 billion in 2024 and Mexican FDI into the U.S. totaled $61.68 billion in the same year. Mexican FDI into the U.S. supported 97,700 jobs and contributed a value of $2.1 billion to expanding U.S. exports. The top industry sectors for Mexican FDI in the U.S. were: food and beverages, auto components, plastics, financial services, business services, and software & IT services.

Mexico climbed four spots to become the No. 11 destination in the world for FDI in 2024, according to the United Nations Conference on Trade and Development. Foreign investment to Mexico reached roughly $37 billion.
In California, the thirteenth largest source of FDI through foreign-owned enterprises (FOEs) is Mexico. In 2024, Mexican FOEs in California provided 13,872 jobs through 549 firms amounting to $1.58 billion in wages. The top jobs by sector are wholesale trade, manufacturing, professional/business services, retail trade, and transportation, wholesale and utilities.

Mexico Tourism Statistics

Spending from top visitor Mexico in California totaled $4.86 million last year, representing over 7 million people and 53% of all spending by Mexican visitors in the U.S. by 46% of the Mexican visitors to the U.S.

Canada Trade Statistics

The United States and Canada enjoy the largest bilateral trade and investment relationship in the world. In 2024, two-way trade in goods between Canada and the United States topped $761.80 billion. Exports to Canada were $349.91 billion in 2024, making it one of the largest export destinations for the U.S.

Canada has remained California's second largest export market since 2006, with a total value of over $19.49 billion in 2024 (10.6 percent of all California exports). California imports $16.26 billion from Canada.

Computers and electronic products remained California's largest exports, accounting for $4.71 billion.

Canada FDI Statistics

According to the most recent figures, the U.S. investment position $459.6 billion into Canada and foreign direct investment from Canada into the U.S. was nearly $732.9 billion in 2024. This makes Canada the second largest source of FDI in the U.S. FDI from Canada directly supported 887,900 jobs in the U.S.

Canada invested $1.7 billion in research and development and contributed a value of $16.8 billion towards expanding U.S. exports. The top U.S. industry sectors that Canada FDI impacts are: software and IT services, business services, financial services, real estate, financial services, industrial equipment, and renewable energy.

In 2024 in California, Canada returned to its spot as the fourth largest source of FDI through foreign-owned enterprises. In 2024, Canadian FOEs provided over 91,603 jobs through 2,016 firms amounting to $9.7 billion in wages. The top jobs by sector are: professional/business services, retail trade, financial activities, manufacturing, and information services.

Canada Tourism Statistics

Spending from second top visitor Canada in 2024 totaled $3.74 million, representing 1.72 million people and 18% of all spending by Canadian visitors in the U.S. by 9% of all Canadian visitors to the U.S.

CalChamber Position

The original key provisions of the USMCA, including focus on rules of origin, goods market access, intellectual property modernization, ease of customs and trade rules for small business, greater market access for American agriculture, strong disciplines on digital trade, and enforceable labor standards are as important to the agreement today as they were when first implemented. And through all these provisions *should run* the continued theme of compliance and enforcement.

The CalChamber believes strengthening economic ties and enhancing regulatory cooperation through agreements like the USMCA with our top trading partners that encompass both goods and services, is essential to eliminating unnecessary regulatory divergences that may act as a drag on economic growth and job creation.

The CalChamber, in keeping with longstanding policy, 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 seeks commercially meaningful outcomes in negotiations with regions around the world and supports bilateral, regional and multilateral trade agreements, which are critical to consumers, workers, businesses, farmers and ranchers, and would allow the United States to compete with other countries that are negotiating agreements with each other.

The California Chamber of Commerce urges the Trump administration to continue to engage with Mexico and Canada and swiftly extend the USMCA, especially in light of China's growing influence in the region. In fact, it is hoped that the continued success of the USMCA may serve as a foundation for future trade agreements around the world.

The USMCA creates a stable and certain commercial environment that reinforces strong economic ties and enhances North American competitiveness in the global market – thereby ensuring North American economic security, which leads to geopolitical security.

Thank you for your consideration.

Susanne Stirling

(Mrs.) Susanne T. Stirling
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