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Congressional ratification of the USMCA is essential to maintaining U.S. competitiveness, economic health

Issue: The U.S. Congress must ratify the United States Mexico Canada Agreement in order for the agreement to go into force to replace NAFTA.

After a year of trilateral negotiations, U.S. President Trump, former Mexican President Enrique Peña Nieto, and Canadian Prime Minister Justin Trudeau signed onto the USMCA, which will replace the nearly 25-year-old North American Free Trade Agreement. However, before the USMCA can officially take hold, all three countries' legislative branches must adopt it.

A modernized trilateral trade deal: The USMCA modernizes NAFTA, while maintaining the original agreement's trilateral structure and elimination of tariffs on cross-border transactions.

Key provisions of USMCA

More North American auto content: Starting in 2020, cars must be built with at least 75 percent of parts made in North America in order to qualify for zero tariffs, up from 62.5 percent under NAFTA. Also, 40 to 45 percent of an auto will have to be made by workers earning at least \$16 an hour.

Increased agricultural market access: USMCA provides the U.S. with greater access to Canada's dairy market, with Canada agreeing to provide U.S. dairy farmers access to about 3.5 percent of its approximately \$16-billion annual domestic dairy market.

Enhanced labor and environmental rights: The USMCA makes a number of significant upgrades to environmental and labor regulations, which help level previous structural disadvantages embedded in NAFTA.

Addresses exchange rate curbs: The agreement includes enforceable rules to deter countries from artificially weakening their exchange rates to gain trade advantages.

Increased intellectual property protections: USMCA dramatically enhances intellectual property protections. It contains a modernized, high-standard IP chapter that provides strong and effective protection and enforcement of IP rights critical to driving innovation, creating economic growth, and supporting American jobs.

Trade with Mexico and Canada is critical to the growth of the American economy

Producers win under a ratified USMCA. Canada and Mexico represent two of the largest destinations for U.S. exports, eclipsed only by China.

Consumers win under a ratified USMCA, too. The U.S. is the leading customer for 75 percent of Canadian exports, while the U.S. is the destination for nearly 80 percent of Mexican exports. The inputs help keep costs down for U.S. manufacturers and drive greater price competition on store shelves.

The cross-border trade with the USMCA framework is responsible for approximately 14 million U.S. jobs.

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Border states' economies are inextricably linked to their international neighbor

California: The nation's second-leading exporter, sent \$43.6 billion in exports to Canada and Mexico in 2017, including over \$11.5 billion worth of computer and electronic products.¹

Arizona: Arizona sent \$9.7 billion in exports to Canada and Mexico in 2017, including over \$2 billion worth of computer and electronic products.²

New Mexico: New Mexico sent \$1.7 billion in exports to Canada and Mexico in 2017, including over \$900 million worth of computer and electronic products.³

Texas: The nation's leading exporter sent \$120.6 billion in exports to Canada and Mexico in 2017, including over \$16 billion in petroleum and coal products, and \$7.5 billion in oil and gas.⁴

Michigan: Michigan sent over \$37 billion in exports to Canada and Mexico in 2017, including \$20 billion in transportation equipment as part of the state's sophisticated automotive supply chains.⁵

New York: New York sent over \$18.5 billion in exports to Canada and Mexico in 2017, including over \$1.5 billion in metal products and \$1.3 billion in machinery.⁶

A strong trading relationship under USMCA means a better, more stable North America, strengthened cross-border ties

Ratification of the USMCA has a stabilizing effect that will promote greater confidence in international investors to choose North America, leading to economic expansion and increased prosperity. But the USMCA also leads to better cross-border diplomatic relations, which are critical in this sensitive time as a new administration takes office in Mexico and both nations address significant challenges presented by northward migration.

Countries don't trade with their enemies, nor do they establish blockades with their friends. In its nearly 25-year history, NAFTA ensured North America's place as the globe's most economically competitive region. The USMCA represents a needed modernization of that pact for the 21st century. The Border Trade Alliance, a vocal champion for the original NAFTA, strongly urges support for the USMCA and its ratification.

¹ https://ustr.gov/sites/default/files/files/Press/fs/USMCA/USMCA_California.pdf

² https://ustr.gov/sites/default/files/files/Press/fs/USMCA/USMCA_Arizona.pdf

³ https://ustr.gov/sites/default/files/files/Press/fs/USMCA/USMCA_NewMexico.pdf

⁴ https://ustr.gov/sites/default/files/files/Press/fs/USMCA/USMCA_Texas.pdf

⁵ https://ustr.gov/sites/default/files/files/Press/fs/USMCA/USMCA_Michigan.pdf

⁶ https://ustr.gov/sites/default/files/files/Press/fs/USMCA/USMCA_NewYork.pdf