



NFTC Statement Regarding the U.S.-Mexico-Canada Agreement

The National Foreign Trade Council (NFTC) commends the governments of the United States, Mexico and Canada for their signing of the United States-Mexico-Canada Agreement (USMCA) on November 30, 2018.

The USMCA contains strong new trade commitments from Mexico and Canada, most notably with respect to digital trade, intellectual property protections, customs and trade facilitation, preservation of duty-free access for goods, technical standards, sanitary and phytosanitary standards, good regulatory practices, state-owned enterprises, anti-corruption and small and medium-sized enterprises. Implementation of these provisions when the USMCA enters into force will strengthen the North American region and will help businesses in every sector of the American economy sell goods and services to two of our most important trading partners.

However, our members continue to have significant concerns regarding some aspects of the USMCA and the precedent that these outcomes set for the negotiation of future trade agreements. The NFTC will work with Congress and the Administration to address these concerns throughout the implementation process. Regarding the review and termination provisions, Congress needs to ensure that its voice is heard with respect to the procedures used to determine any termination of the USMCA in the future. In the area of customs and trade facilitation, while we are pleased to see that the informal entry provisions that the U.S. sought were obtained, we are very disappointed in the outcome regarding de minimis levels. The Administration and Congress should ensure that the current U.S. de minimis level of \$800 is maintained and that USTR continues to seek ambitious outcomes on de minimis in future agreements. In addition, USTR should ensure that Mexico and Canada do not lower current customs standards to make it more difficult to trade cross-border as they implement the agreement. The USMCA contains weakened Investor-State Dispute Settlement (ISDS) provisions, with the full range of protections applied only to a limited number of sectors, and, within those sectors, only to a limited number of contracts. Failure to revise the state-to-state dispute settlement provisions represents a lost opportunity to strengthen the enforcement provisions of the agreement. We are concerned about the step backwards being taken in the new agreement regarding government procurement. The USMCA provides a less favorable outcome for U.S. companies selling their goods and services to the Canadian government and represents a lost opportunity to support those U.S. businesses and their workers, as well as representing a troubling omission of bilateral government procurement commitments from a trade agreement.

Of paramount concern is the issue of the outstanding Section 232 tariffs for steel and aluminum imported from Canada and Mexico. The Administration has repeatedly stated that these tariffs would be removed upon conclusion of the USMCA and we are very disappointed that the agreement is being signed with no resolution of this issue. These tariffs have been devastating for U.S. companies -- they continue to raise U.S. production costs and will limit the benefits of the agreement, especially for U.S. manufacturers of autos, heavy machinery, energy and food products. These tariffs have also led to retaliatory measures, largely targeting U.S. food and agricultural producers, therefore canceling the benefits that many U.S. agricultural producers would otherwise enjoy from the new agreement.

The NFTC will be raising these concerns with the Administration and Congress in order to address these issues as we work with them towards implementation of the agreement. The NFTC will also continue to stress that the Administration and Congress must work together to ensure a seamless transition between the existing agreement and the new one so that U.S. businesses have the certainty of knowing that there will not be any disruptions to their North American operations.