

Jay Timmons
President and CEO

June 27, 2016

The Honorable Barack Obama
President of the United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

The Honorable Enrique Peña Nieto
President of Mexico
Residencia Oficial de Los Pinos
Distrito Federal, Mexico

The Right Honorable Justin Trudeau, P.C., M.P.
Prime Minister of Canada
Langevin Block
80 Wellington Street
Ottawa, ON K1A 0A3

President Obama, President Peña Nieto and Prime Minister Trudeau:

As you prepare to meet this week, the National Association of Manufacturers (NAM) urges that you build upon the work started more than two decades ago with the landmark North American Free Trade Agreement (NAFTA) by moving forward concrete actions to advance and facilitate trade, eliminate regulatory barriers and promote a stronger innovation and investment climate that will spur additional growth to the benefit of all three economies.

The NAM is the largest manufacturing association in the United States, representing 14,000 manufacturers, small and large, in every segment of the manufacturing economy and representing all 50 states. Our membership includes multinational businesses with operations in many countries, including Canada and Mexico, as well as small and medium-sized firms active in international trade.

Since NAFTA was concluded, the economies of all three nations more than doubled, producing higher living standards and increased North American commercial integration. Manufacturing has also grown in each country to record levels. As you seek to advance the North American relationship this week, manufacturers in the United States urge you to build on the strong basis our three countries have forged by advancing the Trans-Pacific Partnership (TPP), taking additional actions to facilitate North American trade and investment and promoting a pro-growth business and innovation climate across North America:

Leading Innovation. Creating Opportunity. Pursuing Progress.

- *Moving forward the TPP:* The TPP agreement will build upon the NAFTA by further liberalizing trade and investment, including additional commitments on new issues and raising standards. Given the success of NAFTA in growing our economies and growing a competitive and modern manufacturing base in North America, manufacturers in the United States urge you to work domestically to move this agreement forward towards full implementation this year. To do so, it will be critical to address outstanding issues and ensure full and prompt implementation of the final agreement.
- *Taking Concrete Action to Facilitate Trade:* Given the significant volume of trade – particularly intermediate trade between businesses – across our borders, manufacturers are eager to decrease red tape, delays and other barriers to the predictable and efficient movement of goods. While the NAFTA and other activities have improved the flow of trade across borders to record levels and the TPP will make additional progress, more work is required to address the barriers and chokepoints that continue to impose unnecessary costs and delays that undermine our nations' global competitiveness, particularly for our small businesses. To that end, manufacturers urge joint decisions and action by the three governments to invest in improved border infrastructure, harmonize trusted trader programs between our three countries, coordinate cargo security screening processes, provide for robust private sector engagement and streamline data collection. Manufacturers also strongly urge Canada and Mexico to raise their *de minimis* threshold, the value under which products are not required to undergo customs processing and are not assessed border tariffs. The United States recently raised its *de minimis* level to \$800, and a similar move from our North American partners would greatly spur low-value shipments helping in particular small businesses in all three nations. Additionally, manufacturers urge both Mexico and Canada to ratify the WTO Trade Facilitation Agreement this year in order to move toward entry into force for this important agreement.
- *Decreasing Regulatory Barriers:* The increasing flow of products across our shared borders makes it more critical than ever before for all three countries to harmonize regulatory approaches and eliminate or revise regulations that serve as technical barriers to trade and impose significant economic cost – such as proposed U.S. rules on wood packaging material from Canada. Though there has been positive work in the region on some regulatory issues – such as the U.S.-Canada Regulatory Cooperation Council and the U.S.-Mexico High Level Regulatory Cooperation Council – efforts to promote regulatory cooperation should be deepened, broadened and focused on concrete results to ensure transparent, science-based, risk-appropriate regulations that do not increase red tape for producers in our three markets.
- *Promoting a Stronger Innovation Climate:* Innovation and intellectual property are critical drivers for economic growth, manufacturing and competitiveness in all three countries, and a foundation for strong commercial ties as recognized in NAFTA and recent speeches made by each of you. The NAM urges your joint recognition of the importance of intellectual property as a driver of innovation for modern manufacturing, strengthened collaboration to battle counterfeiting and piracy and to upgrade trade secrets regimes globally and work domestically to eliminate policies and practices that undercut NAFTA agreements and harm innovation, such as imposing inappropriate and globally inconsistent patentability requirements.

- *Advancing a Robust Energy and Investment Environment*. North America has exceeded expectations as all three countries have grown their energy production and potential over the last several decades, to the benefit of consumers and job-creators, particularly the manufacturing industry. Innovation, investment and the ability to conduct business have been at the foundation of that growth. Yet, there are challenges in each of our markets, from new regulatory restrictions to weakness in the underlying investment climate. Manufacturers call on North American leaders to foster cooperation, advance towards harmonizing their standards and regulations, reduce barriers to energy infrastructure and promote cross-border investment in North America to ensure that the energy environment in North America is one that promotes improved growth and competitiveness.

The opportunities for growth in manufacturing and beyond in North America can be meaningfully improved by the decisions you make this week and the follow-up actions your governments take in the weeks and months to come. On behalf of our manufacturers, I look forward to working with you and your governments to move forward a robust commercial agenda that will continue to spur growth in North America.

Respectfully,



Jay Timmons