

July 26, 2010

Trade Promotion Coordinating Committee
U.S. Department of Commerce
Room C102, 1401 Constitution Ave., NW.
Washington, DC 20230
Attn.: NEI Comments. **Docket number 100624279-0279-01**

The National Export Initiative and the NAFTA

The Canadian Manufacturers and Exporters (CME), the Mexican Confederation of Industrial Chambers (CONCAMIN), and the National Association of Manufacturers (NAM) are joined in strong support of President Obama's National Export Initiative (NEI). Our three business associations represent thousands of manufacturers in all three countries and have witnessed firsthand the enormous gains our economies have made from free and open trade with our NAFTA partners. It is with this background in mind that we jointly submit these comments and urge the Administration to renew its commitment to the North American Free Trade Agreement (NAFTA) as one of the keys to meeting the ambitious goals and timelines of the NEI.

Canada and the United States enjoy an economic partnership unique in the contemporary world. We don't just share a border or a history; we also share the greatest bilateral trading relationship in the world. In 2009, our bilateral trade was close to \$593 billion, with more than \$1.6 billion worth of goods and services crossing the Canada-U.S. border every single day. Free trade has been good for our countries. Canada – U.S. bilateral trade is more than two and a half times greater than it was prior to signing the NAFTA. Even more impressive, a 2009 study found that trade with Canada supports over 8 million jobs in the United States. Canada is the single largest export market for the United States. Canada is the #1 export market for 34 states. Perhaps more importantly, 44% of our bilateral trade is comprised of intra-firm shipments – a strong indicator of the highly integrated nature of our two economies.

Mexico is the second largest export market for the United States. Last year, Mexican imports of U.S. goods totaled \$129 billion. This year, an estimated 5% rise in Mexico's GDP is expected to result in an additional \$11 billion increase in U.S. exports to Mexico and the creation of 66,000 more U.S. jobs. Moreover, Mexico is the second largest market for America's small and medium-sized firms, buying 11% of their worldwide exports. In short, Mexico is critical to U.S. exports and jobs.

Removing Trade Barriers/Policies

While NAFTA trade statistics are impressive, they could be stronger when non-tariff barriers are removed. For instance, U.S. companies continue to face problems because of the current cross-border trucking dispute. According to a U.S. Chamber of Commerce study, Mexico's

retaliatory tariffs on \$2.4 billion worth of U.S. manufactured and agricultural products have cost the United States approximately 25,000 jobs. The President should end this dispute, as he has promised to do.

The pending Foreign Manufacturers Legal Accountability bill now before Congress would equally impose new compliance burdens on U.S. assembly operations and export supply chains. In general, we encourage the Administration to look into any barriers in NAFTA trade that result in dampening manufacturing's bottom line.

Ratifying Pending Trade Pacts

We applaud President Obama for announcing his intent to amend the trade pact negotiated with South Korea three years ago and to have Congress ratify that accord later this year. Pending pacts with Colombia and Panama also should be ratified.

Exploring Regional Strategies

The United States, together with Canada and Mexico, faces stiff competition from low-cost producers and trading blocs in Asia, Europe and elsewhere. North America's share in world exports decreased from 19 percent in 2000 to 13.3 percent in 2007, while other important emerging economies, such as Brazil, India and China, have doubled their share. We should explore strategies to boost North America's competitiveness as a whole.

Now that all tariffs on trade have been eliminated among our three countries, it is important that we work toward harmonizing the standards with which our goods must comply. The creation of a High-Level Regulatory Cooperation Council with Mexico is a step in the right direction.

There are a number of other examples, but our three associations urge the Administration to launch a NAFTA round of regulatory collaboration with Mexico City and Ottawa and to seek a NAFTA regulatory environment which takes advantage of our competitive strengths and creates a regulatory environment for our companies in order to compete (and sell) in the global marketplace.

We commend the President's vision for the Twenty-First Century Border. We need to further facilitate cross-border trade compliance and travel through successful programs such as C-TPAT and FAST and to encourage more incentives for NAFTA companies to participate and see commercial benefits for that participation.

Innovation and investment in technology and human capital are keys to our economic growth and competitiveness. Hence, we must continue to work with our neighbors to promote the protection of intellectual property rights, create innovative joint production projects, and establish a North American export and investment promotion program. Together we are a formidable and competitive trading and economic zone.

Thank you for this opportunity to provide our comments.