



CONGRESS SHOULD MOVE QUICKLY TO PASS USMCA

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By Justin Yancy

It is a Texas-sized understatement to say that Democrats and Republicans don't agree on much in Washington these days. But both President Donald Trump and House Speaker Nancy Pelosi (D-Calif.) have spoken up in recent weeks to voice support for a common goal: passing the United States Mexico Canada Agreement (USMCA) before the end of the year.

This is a goal that all Texans should share as well. USMCA is also known colloquially as "NAFTA 2.0," and while the North American Free Trade Agreement has been good for the entire United States over the last 25 years, it has been especially good for Texas.

Since NAFTA was signed into law in 1993, Texas has grown into the 10th largest economy in the world. Much of our success has been driven by trade. In 2018, we were again the top state exporter in the United States, shipping out more than \$315 billion in goods alone. Our top two trading partners? Mexico and Canada, which received \$109.7 billion and \$27.5 billion of Texan exports, respectively, last year. Mexico alone accounted for 35 percent of all goods shipped from Texas—goods like computers and electronics, petroleum and coal, and transportation and machinery.

For all of NAFTA's benefits, it was also a product of its time. In particular, protections for the environment and for labor conditions, including wages, were not included in the main agreement as binding obligations; instead they were non-enforceable "recommendations." Other important issues were not addressed at all—because, in a largely pre-Internet world, they didn't yet exist.

One of President Trump's first goals in office was to renegotiate NAFTA to modernize it and address aspects of the trade pact that could be improved for U.S. workers, farmers and manufacturers. Last fall—more than a year ago—his head trade representative announced that the three countries had worked out an agreement, the USMCA, that would improve and expand on the terms of the original deal.

Under USMCA, mandates regarding environmental standards and labor conditions are now integral, enforceable provisions. New labor standards include the requirement that nearly half of all car and truck parts be made by workers earning at least \$16 per hour, no matter

the country, and a promise from Mexico to finally recognize the rights of its workers to negotiate with their employers.

The new law also addresses issues like online video piracy, tariffs for digital goods like music, software, and video games, and intellectual property protections for innovators in the biotech and financial services sectors. And to keep car makers in North America, it requires that 75 percent of a vehicle's parts be made here in order to avoid tariffs, a healthy step up from NAFTA's 62.5 percent.

House Democrats are continuing to tweak parts of USMCA and to push for more clarity on how its enforcement mechanisms would work on the ground. These are important questions, but lawmakers shouldn't let the perfect be the enemy of the good. The political reality is that dragging discussions about USMCA into an election year will make its passage more complicated and less certain.

Representatives should remember this practical reality: these deals create jobs. In Texas alone, roughly 1 million jobs are supported by trade with Canada and Mexico, as are hundreds of small and medium-sized businesses. Nationwide, 12 million jobs depend on trade with our neighbors to the north and south.

At the [Texas Business Leadership Council](#), many of our members have businesses that involve trade with Mexico and/or Canada. Knowing that a new deal is in place will give them the stability and security they need to plan for the future.

Of course, it is not just Texas workers and business owners who would benefit from USMCA. Without the tariff-free zone created by the agreement, thousands of everyday products would become more expensive. Without cooperation between the countries to move goods seamlessly across the border, shipping and assembly lines would become slower and more cumbersome. Without agreement on basic business standards and a mechanism to enforce those standards, companies in all three countries would waste time and money fighting about the ground rules.

NAFTA gave Texas businesses a strong foundation to build profitable enterprises. Congress should move quickly to pass USMCA and help the next generation of business leaders in Texas, and across America.

[Justin Yancy is president of Texas Business Leadership Council](#)