May 18, 2017

The President
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of Business Roundtable, I am writing to express our support for your Administration’s efforts to modernize and strengthen the North American Free Trade Agreement (NAFTA) as well as to share our priorities for the negotiations. We understand the importance of updating this two-decade-old trade agreement to further benefit the U.S. economy and American businesses, workers and consumers. We are prepared to work with you, your Administration and Congress to achieve a successful negotiation.

Business Roundtable is an association of chief executive officers of leading U.S. companies that employ nearly 15 million people, produce more than $6 trillion in annual revenues and generate more than $400 billion in sales for small and medium-sized businesses annually. We believe that U.S. economic growth and jobs depend on domestic policy initiatives as well as expanded trade opportunities with other countries. High-standard and modern trade agreements are critical tools to help American companies and workers access international markets for their U.S.-produced goods and services. At the same time, the United States should pursue strong and effective enforcement of U.S. trade and investment agreements and U.S. trade laws, consistent with U.S. statutory requirements and international trade obligations.

In updating NAFTA, we think it is critical to recognize and expand the many benefits it has helped create for the United States. For example:

- More than 12 million American jobs were supported by U.S. trade—both exports and imports of goods and services—with Canada and Mexico in 2014.
- U.S. goods exports to Canada and Mexico increased by $375 billion between 1993 and 2015—more than the next 11 largest U.S. export markets combined.
- U.S. services exports to these two countries more than tripled to $88 billion between 1993 and 2015.
- U.S. companies and farmers use two-thirds of U.S. imports from Canada and Mexico to make products that are more competitive in the United States and foreign markets.
• Canadian- and Mexican-owned companies employed about 700,000 workers in the United States in 2014, of which 296,000 (42 percent) were in the U.S. manufacturing sector.

As your Administration prepares for the upcoming NAFTA modernization negotiations, we want to share Business Roundtable priorities to inform your efforts. We believe that these negotiations should modernize and strengthen NAFTA by including provisions that:

• Incorporate trade, investment and related regulatory reforms adopted in Canada and Mexico since NAFTA was negotiated.
• Eliminate remaining barriers to trade in goods and services and investment and build on NAFTA rules and commitments to ensure coverage of new types of services.
• Promote e-commerce and digital trade in goods and services, including the elimination of foreign barriers, for all sectors, to the free flow of data and requirements to store data locally.
• Eliminate foreign localization policies and domestic content requirements for goods and services.
• Strengthen intellectual property protection and enforcement.
• Ensure fair competition with foreign state-owned and controlled enterprises.
• Enhance regulatory cooperation and coherence, transparency, due process and non-discrimination.
• Update rules to address technical barriers to trade and sanitary and phytosanitary measures.
• Encourage modern and streamlined customs rules and processes to facilitate trade, such as electronic forms, signatures and authentication; secure online payments; and an increase in the de minimis levels in Canada and Mexico.
• Allow for the use of duty drawback and other duty deferral programs.
• Facilitate the ability of small and medium-sized enterprises to access the Canadian and Mexican markets.
• Promote cooperation on projects to upgrade and expand land and rail crossings, ports and other trade-related North American infrastructure.
• Incorporate stronger labor and environmental protections into the agreement itself.

Equally important, Business Roundtable believes that the planned negotiations should not weaken or undermine NAFTA given its many benefits for the United States. We think it is very important to preserve the agreement’s trilateral structure and not disrupt supply chains that have been built up and greatly benefited U.S. businesses, workers and consumers over the last two decades. Given the importance of expanding U.S. trade opportunities, we also oppose any efforts that would increase barriers to trade in goods and services or barriers to investment, modify rules of origin in a manner that impacts supply chains, weaken investor protections, including Investor-State Dispute Settlement provisions, or eliminate reciprocal market access commitments in government procurement.
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We look forward to working with you, your Administration and Congress to ensure the success of your initiative to modernize and strengthen NAFTA.

Sincerely,

Tom Linebarger
Chairman and Chief Executive Officer
Cummins Inc.
Chair, International Engagement Committee
Business Roundtable

C: Secretary Rex W. Tillerson, U.S. Department of State
Secretary Steven T. Mnuchin, U.S. Department of the Treasury
Secretary Wilbur Ross, U.S. Department of Commerce
Secretary Sonny Perdue, U.S. Department of Agriculture
Ambassador Robert E. Lighthizer, U.S. Trade Representative
Gary Cohn, Assistant to the President for Economic Policy and Director, National Economic Council, Executive Office of the President
Dr. Peter Navarro, PhD, Deputy Assistant to the President for Trade and Manufacturing Policy, Executive Office of the President