



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 16, 2020
(Senate)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5430 – United States-Mexico-Canada Agreement Implementation Act

(Rep. Hoyer, D-MD, and Rep. McCarthy, R-CA)

The Administration strongly supports H.R. 5430, which approves and implements the United States-Mexico-Canada Agreement (USMCA). The Agreement was recently signed by all three countries and will replace the 25-year-old North American Free Trade Agreement (NAFTA) with a 21st century, high-standard agreement that rebalances trade in North America and modernizes these important trading relationships. This historic and modern Agreement will be the template for all future United States trade agreements. After a year of advocacy across the country from thousands of businesses, grassroots campaigns, and elected officials, the Agreement passed the House overwhelmingly last month.

One of President Trump's principal objectives when negotiating a new deal with Canada and Mexico to replace NAFTA was to ensure that the new Agreement benefits American workers. The Agreement's rules of origin for automotive goods secure this outcome by imposing a labor value content rule requiring at least 40-45 percent of auto content be produced at plants or facilities with an average wage of at least \$16 per hour, in addition to increasing the regional content of the vehicles to 75 percent.

The Agreement also benefits American farmers, ranchers, and agribusinesses by expanding opportunities for exports of American products. It does so by increasing market access into Canada for American dairy, poultry, and eggs; enhancing information exchange and cooperation regarding agricultural biotechnology trade-related matters; and improving transparency and cooperation to ensure non-discriminatory treatment for agricultural product standards.

The Agreement also provides strong and effective protection and enforcement of intellectual property rights critical to driving innovation, creating economic growth, and supporting American jobs. In addition, the Agreement's digital trade provisions provide a firm foundation for the expansion of trade and investment in the innovative products and services where the United States has a competitive advantage.

Additionally, the Agreement includes commitments to liberalize financial services markets and facilitate a level playing field for United States financial institutions and enhance cross-border trade in financial services, while preserving the discretion of regulators to protect financial stability. For the first time in a United States trade agreement, the USMCA includes a dedicated chapter on small and medium-sized enterprises (SMEs), which complements other key provisions supporting small and medium-sized businesses throughout the Agreement.

Further, the Agreement includes a chapter on currency that targets competitive devaluations and includes strong transparency provisions that are enforceable through dispute settlement. It also strengthens protections against unfair trading practices by state-owned enterprises.

The USMCA is a historic trade agreement that presents a tremendous opportunity for all three countries by greatly improving the outdated NAFTA. It substantially enhances protections for workers and the environment and includes strong new mechanisms to ensure those provisions are enforced. It opens markets to United States manufacturers and farmers and reduces trade barriers, thereby creating freer markets, fairer trade, and robust economic growth throughout all of North America.

If H.R. 5430 were presented to the President in its current form, he would sign the bill.

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