

**Opening Remarks by Senator Chuck Grassley of Iowa
Chairman, Senate Finance Committee
Hearing on the United States-Mexico-Canada Agreement
Tuesday, July 30, 2019**

The committee will come to order.

Good morning, and welcome to our witnesses, who are with us today from a range of industries to tell us about the importance of the United States – Mexico – Canada Agreement, or the USMCA. We look forward to hearing from you about the significance of USMCA to the American businesses, small and large; the workers; and the farmers that you represent. Thank you for being here.

Mexico and Canada are our country's most important trading partners. According to the United States International Trade Commission, in 2017, more than one-third of American merchandise exports went to Mexico and Canada. In that year, Mexico and Canada imported more than half a trillion dollars of American goods, plus

more than ninety-one billion dollars of American services. For Iowa, our \$6.6 billion of exports to Mexico and Canada in 2017 supported 130,000 jobs.

The foundation of our strong trading relationship with Mexico and Canada has been the North American Free Trade Agreement, or NAFTA. The United States, Mexico, and Canada negotiated NAFTA from 1990 to 1993. At the time, NAFTA set a new standard for trade agreements; it helped Mexico reform into a market economy; and it enabled American businesses, workers, farmers, and ranchers to sell our goods and services in Mexico and Canada without tariffs and without many non-tariff barriers that, for decades, had burdened our ability to compete in those markets.

Of course, the U.S. economy and global trade have changed dramatically since 1993, and 25 years of experience with NAFTA have provided valuable lessons.

The time for modernizing NAFTA had come, and USMCA does exactly that.

Across the board, USMCA sets a new standard for our trade agreements. For example, once enacted, USMCA will be the first U.S. free trade agreement with robust chapters dedicated to digital trade, anticorruption, good regulatory practices, and small and medium-sized enterprises.

USMCA will set new benchmarks in many other areas too, such as the free transfer of data across borders, strong rules on state-owned enterprises, North American content requirements for preferential treatment, food safety and biotechnology standards, customs and trade facilitation, intellectual property rights protection and enforcement, labor, and environment.

The USMCA labor chapter squarely addresses worker rights in Mexico, and it already has resulted in an

overhaul of Mexican labor law. The labor and environmental standards in USMCA are the most rigorous in any U.S. trade deal and, unlike with NAFTA, they are in the core of the agreement and fully enforceable.

USMCA also squarely addresses longstanding U.S. concerns in the Canadian market, such as Canadian policies on wheat grading, retail sales of wine, dairy supply management, and the distribution of U.S. television programming.

These are substantial improvements from NAFTA. They represent benefits and new opportunities for Iowans and for Americans across the board. According to the U.S. International Trade Commission, USMCA will increase real GDP by \$68.2 billion and create 176,000 new American jobs.

Now, that's not to say that every USMCA provision is perfect — trade agreements always need to balance the preferences of different industries, regions, elected leaders, and stakeholders. Some of my Democratic friends in the House of Representatives have centered their attention on USMCA outcomes they view as imperfect.

Surely nobody could consider NAFTA to be better than USMCA. And nobody, and let me emphasize this, **NOBODY** should dismiss the importance of a half-trillion dollar market for U.S. exports.

I have spoken to Speaker Pelosi. I have supported the ongoing work of her members with Ambassador Lighthizer to clarify outstanding concerns and identify bipartisan solutions. I have an open mind to workable ideas and stand ready to consider possible improvements to USMCA.

For example, I support strong enforcement of all USMCA chapters, through a system that works reliably and has credibility with our trading partners. I am also pleased that the important USMCA provisions on prescription drugs will not require any changes to U.S. law, and I would be open to proposals that would confirm this point.

At the same time, every day that passes is another day that the benefits of USMCA go unrealized. Trying to reopen the whole of USMCA could risk unraveling the deal altogether, which would benefit nobody. I therefore urge House Democrats and Ambassador Lighthizer to focus on their specific concerns and to propose solutions in short order, so that we can pass USMCA. Doing so will provide much-needed certainty to American workers, businesses, farmers, ranchers, and families, and will enhance the credibility of our ambitious global trade agenda.

With that, before we hear from our witnesses, I'll turn to Senator Wyden for opening remarks.