

**Appendix A: PNWER NAFTA Modernization Survey
Executive Summary**

The following is a summary of the data collected by the Pacific Northwest Economic Region (PNWER) between May 3-June 7, 2017. For more information, please contact PNWER Executive Director Matt Morrison at 206-443-7723 or matt.morrison@pnwer.org.

Stakeholder Demographics

The survey was administered to PNWER stakeholders and shared with partner organizations that mainly focus on U.S.-Canada trade. Through this process we received 226 responses, with 129 (57.8%) coming from Canadian stakeholders, 92 (40.71%) from United States stakeholders and 3 (1.3%) from Mexico.

US Stakeholder responses primarily originated from the 10 PNWER jurisdictions with the most from Montana (34.07%), followed by Idaho (28.57%), Washington (17.5%), Oregon (5.4%) and other states such as Utah (6.5%).

Canada stakeholder comments also mostly came from PNWER provinces and territories with BC leading the way with 42.5%, followed by Alberta (20.47%), Saskatchewan (13.39%), Yukon (11.02%) and several others outside the region such as Ontario at 9.45%.

Organizations responding identified 32 states where they do business in the U.S.; the percentages of these were fairly evenly spread across the board with the exception of Washington at 12%, California 8.1%, Montana 7%, Alaska 7%, Oregon 6% with the remaining ranging from 1-4%. Organizations identified that they do business in BC (29.4%), Alberta (14.9%) and Ontario (17.11%), followed by Quebec, Saskatchewan and Yukon at around 9% each.

Sectors

The most responses came from Agriculture/Food Processing (28%), followed by “other” (18.78%) which included trade associations, chambers of commerce, education and many other industries. The next highest represented categories were Government (8.9%), Transportation/tourism (8.9%) and Manufacturing (7.98).

Organization Size

The size of the organizations represented ranged from small businesses with less than 50 employees at 63.13% of the respondents, to organizations with between 50 and 1000 employees (22.54%) and large organizations with over 1000 employees (14.29%).

Priority Issues to Address in the Modernization of NAFTA

Stakeholders were given specific identified issues and asked how important these are to include in the negotiation of a modernized agreement. Stakeholders were asked to select if the issues were highly important, somewhat important or not important. They were also given the option to select N/A if the issue did not apply to their industry or if they were not familiar with the issue. In calculating the responses to each issue, the N/A selections are not included in the totals of this summary report. Stakeholders were also given the opportunity to provide comments throughout the survey. Relevant comments were summarized related to related topics.

1. Advances from other Free Trade Agreements (FTAs) - Review recent FTAs, such as TPP, to adopt modernized provisions, in such areas as simplified rules of origin, importer self-certification, trade facilitation, enforcement, supply chain security, non-tariff trade barriers, etc.

Of the respondents to this issue, 89.8% (168) felt that this was important to include as we move toward renegotiating NAFTA. 10.16% (19) did not think it was important.

Select Stakeholder Comments Summary

- Our states and provinces are each other's top customers. Our economy is integrated as the economic watersheds flow north and south. Trade barriers reduce the overall benefit to our region.
- Tariffs are seen as detrimental to business and make products more expensive
- Tariffs risk turning the market elsewhere

2. Buy America - How important is it that Canada be considered "domestic" for the purpose of U.S. federal procurement, as it currently is in the defense sector?

Of the respondents to this issue, 84% (158) felt that this was important to include as we move toward renegotiating NAFTA. 15.9% (30) did not think it was important.

3. Cross-border Trade Facilitation - Should opportunities for trade facilitation and cross-border movement of goods through such efforts as preclearance, expanded border crossing capacity, etc. be encouraged?

96.42% (189) respondents felt this was important to include. Only 3.5% (7) did not think it was important.

Select Stakeholder comments summary

- Include 'modern' processes for cross-border customs (methods to streamline and simplify clearance, declaration, documentation, facilitation, etc.). Simple clearance, declaration and origin rules will facilitate that process.
- Harmonize and align standards before products reach the border to increase efficient trading. This includes preclearance for goods and livestock.
- NAFTA has played a critical role in liberalizing agricultural trade and enabling stronger integration of agricultural supply chains. This integration has led to significant outcomes including greater productivity and competitiveness for the benefit of agricultural producers, processors and consumers across the region.

4. De Minimis Value for Expedited International Shipment - The de minimis threshold for the U.S. is \$800, \$20 for Canada, and \$300 for Mexico. How important is it that these thresholds be aligned?

79.5% (132) of respondents felt this was important to include while 20.4% (34) did not think it was important.

5. Digital Trade - Should a framework to promote and govern digital trade (digital goods and services, for example, software, music, films, games, etc.) be established?

72.18% (109) of respondents felt this was important to include while 27.81% (42) did not think it was important.

Select Stakeholder Comments Summary

- Recognize the importance of services trade in NAFTA, such as financial services, logistics, and information and communication technology.
- All business depends on free flow of data. Examine digital trade provisions that were identified in the TPP as a starting point for including this in a modernized agreement.
- Clients who require cross border banking services would benefit greatly from improved NAFTA regulations pertaining to e-commerce, and standardized financial services regulation.

6. E-commerce - How important are modernized regulations on e-commerce?

90.6% (164) of respondents felt this was important to include while 9.39% (17) did not think it was important.

7. Energy and Infrastructure - How important is it that NAFTA support further integration of North American energy markets and the infrastructure needed to connect them?

90.65% (156) of respondents felt this was important to include while 9.34% (17) did not.

Select Stakeholder Comments Summary

- Find opportunities for further integration of North American energy markets and the infrastructure needed to connect them
- Examine energy and transportation regulations including pipeline standards, renewable energy standards and energy transport standards

8. Express Delivery - How important is it that NAFTA includes modern provisions to facilitate cross-border express delivery for small shipments?

87.74% (174) of respondents felt this was important to include, 12.5% (199) did not think this was important.

9. Intellectual Property - Should NAFTA increase protection of intellectual property?

75.86% (132) of respondents felt this was important to include. 24.13% (42) did not think this was important.

10. NAFTA Professionals List - How important is it to update NAFTA labor categories to reflect modern classifications of employment?

82.55% (142) of respondents felt this was important to include. 17.44% (30) did not think it was important.

Select Stakeholder Comments Summary

- Streamline the process; need to facilitate job offers and timely arrival on both sides of the border
- Update Chapter 16 NAFTA Professions list to reflect the jobs that actually are needed to be filled on both sides of the border, or abolish the list altogether and establish a process that is more responsive to regional labor market dynamics.
- Ability to access talent, supplier, and partner across borders improves ability to compete globally on both sides of the border.

11. North American Single Window - How important is it to finalize cross-border data sharing and harmonization into a single window for import/export?

92.47% (172) of respondents felt this was important to include. 7.52% (14) did not see this as important.

12. Regulatory Cooperation - How important is it to encourage expansion and permanent adoption of the Regulatory Cooperation Council, to align product standards, testing and certification?

92.1% (175) felt this was important to include. 7.89% (15) did not feel this was important.

An overwhelming majority of respondents indicated the importance of aligning consistent regulatory standards in order to more easily facilitate trade and streamline border processes. Respondents encouraged the adoption of consistent and harmonized standards in order to prevent impediments at the border.

Select Stakeholder Comments Summary

- Integrate research-backed findings with regulatory agencies
- Expand regulatory cooperation efforts across all sectors
- Uphold and extend the gains achieved in the existing NAFTA agreement
- Aim to align consistent regulations on both sides of the border

13. Skills Certification Standards - How important is it to encourage mutual recognition of skills certifications standards across borders?

90.86% (169) felt this was important to include. 9.13% (17) did not see this as important.

14. Softwood Lumber - How important is it that a modernized NAFTA include a solution to softwood lumber?

86.1% (130) indicated that it would be important to include a solution to softwood lumber within NAFTA. 13.9% (21) did not think this was important.

15. Dairy and Poultry - How important is it that a modernized NAFTA address the issues related to dairy and poultry?

Of the respondents to this issue, 81% (129) indicated it would be important to include. 19% indicated the issue as “not important” (31).

Other Issues to Address

Stakeholders identified other issues that the survey did not specifically address as important to include. This includes focusing on revising dispute mechanisms, environmental concerns and renegotiation process. Below are summary highlights of the comments we received related to these topics.

Dispute Settlement Mechanisms

Select Stakeholder Comments Summary

- NAFTA has been inefficient in resolving disputes in a few major industries, highlighting the necessity for new mechanisms that will decrease 'uncertainty'
 - Uncertainties hurt global competitiveness and may cause certain companies to turn to partners in other regions, esp. Asia

Environment

Select Stakeholder Comments Summary

- Examine opportunities to find common ground on environmental and clean energy standards across North America.

Other Comments

- Ensure groups like PNWER are front and center in consultation mechanisms for negotiation.
- Stakeholders would like to see an institutionalized and fully funded Stakeholder Advisory Council that includes consumer, labor and business community representation going beyond only the "big business" community to enable dialogue, build trust in free trade and ensure all views are heard.
- Engage with grassroots organizations and members of the public. Events like public forums, plain-language information materials and workshops, etc. in order to facilitate access of the public to these negotiations.