

Opinion

Opinion: It is critical we support and preserve NAFTA

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This is an historic moment for U.S. trade: negotiators from the U.S., Canada and Mexico are beginning formal talks to modernize the North American Free Trade Agreement for the first time in more than 20 years.

Because Washington state's economy is so dependent on international trade, it's critical that we preserve NAFTA's benefits that support industries from manufacturing and technology to agriculture, retail and maritime. At the same time, we must update the trade deal to meet today's challenges and those we will face in the coming years.



LORI OTTO PUNKE

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Thanks to NAFTA, Washington's trade with our neighbors to the north and south increased dramatically – an estimated 330,000 Washington state jobs depend on trade with our NAFTA partners. Two years after NAFTA's implementation, Washington exported \$200 million in goods to Mexico. Today, we export almost \$2 billion. Likewise, our goods exports to Canada are also experiencing big growth, jumping 200 percent in the past 20 years.

While we have seen benefits from NAFTA, trade has changed dramatically since the U.S., Canada, and Mexico first negotiated it. Ecommerce is a crucial element of international trade, yet there are few rules on digital trade in NAFTA, an area of major importance to Washington state's large and small businesses, innovators and retailers. NAFTA rules must be updated to govern and support the growth of digital trade.

NAFTA modernization also provides an opportunity to streamline customs procedures, especially in Mexico, where there is a lack of transparency and where exporters often face delays and inconsistent regulations. Washington-based online retailers face difficulties selling to consumers in Canada and Mexico, who must pay taxes for purchases from the U.S. valued above \$20 in Canada and above \$50 in Mexico. This is much too low; in the U.S. it is \$800. Setting comparable levels for duty collection would level the playing field for U.S. exporters.

Our NAFTA partners' markets are relatively open to U.S. goods and services, but some sectors remain a challenge. Farmers and dairy producers across the state seek better access to Canadian and Mexican customers.

Canadian laws prevent U.S. wines from being sold in grocery stores in many Canadian provinces. Mexican regulations impede sales of Washington potatoes. If U.S. potatoes had full access to the Mexican market, exports could generate an extra \$200 million a year.

In addition to updating digital trade rules, streamlining customs and regulatory processes, and expanding market access for our goods and services, we must also ensure that trade and investment rules are enforceable, including in the areas of labor and the environment.

The Trump administration has signaled that improvements sought in NAFTA will be a template for other trade agreements to be negotiated, so it is critical that we get the NAFTA modernization right. The Washington Council on International Trade has been hard at work communicating our priorities to the Trump administration and our members of Congress. If we are smart in the way we approach NAFTA modernizations, Washington state could benefit significantly.

With 40 percent of jobs in Washington state tied to trade, we must seize this rare opportunity to address long-standing trade barriers and to open new opportunities.