

THE NEW ENGLAND COUNCIL

June 12, 2017

The Honorable Robert Lighthizer
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

RE: Federal Register Docket No. USTR-2017-0006 "NAFTA Negotiations"

Dear Ambassador Lighthizer:

On behalf of The New England Council, the nation's oldest regional business organization, I am writing to express the Council's comments on the modernization of NAFTA ("Request for Comments on Negotiating Objectives Regarding Modernization of the North American Free Trade Agreement with Canada and Mexico" – Federal Register/Vol. 82, No. 98/ Tuesday, May 23, 2017. Pages 23699-23700).

Founded in 1925, The New England Council is a non-partisan alliance of businesses, academic and health institutions, and public and private organizations throughout New England formed to promote economic growth and a high quality of life in the New England region. Our mission is to identify and support federal public policies and articulate the voice of its membership regionally and nationally on important issues facing New England. One area that is of keen interest to our members is trade.

The New England Council was encouraged by the enactment of legislation granting Trade Promotion Authority (TPA) in 2015, as well as additional efforts that have been undertaken since to expand trade that is free and fair to all parties. We believe additional trade opportunities presently and in years ahead can only stimulate further growth and innovation in our region and make New England companies even more globally competitive.

The New England Council supports free trade to allow New England businesses to buy and sell goods and establish direct investments in markets around the world without impediment. The U.S. must ensure that it is pursuing every course of action possible to get American goods and service exports into the world's expanding marketplace. As such, The New England Council also supports policies that ensure our members can compete freely and fairly on a global scale.

As is widely known, one of America's cornerstone trade agreements – the North American Free Trade Agreement (NAFTA) – was negotiated over a generation ago; well-before some sectors of our current economy even existed. Other sectors were in their infancy, and many more have seen their scope of business evolve over the course of nearly a quarter-century. Therefore, it is not outside the pale for the parties to re-visit NAFTA and consider how best it can be modernized.

The New England Council believes that continuing strong trade relations between the three NAFTA participants – the United States, Canada, and Mexico – is of particular importance to our region. Indeed, according to recent data, bilateral trade between Canada and the six New England states totaled more than \$27.5 billion, and bilateral trade with Mexico and our region totaled nearly \$12 billion.

The New England Council

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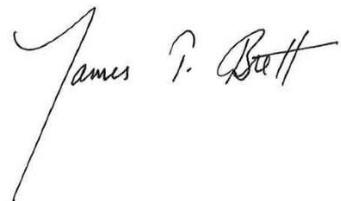
As negotiations progress on NAFTA modernization, there are areas that can provide opportunities for mutual agreement, such as through regulatory harmonization between the NAFTA parties, particularly as each party works to implement and operationalize a single window program. This should include meaningful mutual recognition between respective trusted-trader programs that deliver substantive benefits.

Additionally, a modernized NAFTA must look to the future and include provisions that promote e-commerce, digital trade in goods and services, intellectual property protections, and the free flow of cross-border data. NAFTA discussions on such topics could possibly review and potentially build-upon the foundations laid during previous negotiations over the Trans Pacific Partnership trade agreement and Trade in Services Agreement.

Of further interest to at least one New England Council member is the possible consideration of “leveling out” the *de minimis* thresholds above which duties are assessed on imported goods. As I understand, the United States recently increased its *de minimis* level to \$800, and there is interest in having all three parties achieve comparable duty levels. Doing so could help eliminate trade hurdles for businesses of all sizes and free-up valuable resources of customs agencies.

The New England Council understands and appreciates the concerns that have been registered about the need to upgrade NAFTA. As the Administration proceeds with its efforts to update and modernize NAFTA, it is imperative that it is done in a manner that will benefit all three nations, as well as the New England region. A final agreement that truly modernizes NAFTA, recognizes what works in the current structure, and does not create new trade impediments will help further the economy of New England and strengthen our ties with Canada and Mexico; two vital trade partners.

Sincerely,



James T. Brett
President & CEO